

BRITAIN'S ECONOMIC PLIGHT

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CHAPTER I

INTRODUCTION

CERTAIN phases of British industrial life and methods have a curious effect on Americans. First they are infused with a fervent desire to reform and modernize things, gradually they grow to accept them as natural, and finally, they take them fully to their hearts. They are like the poor devil in Pope's famous lines; to them many British Industrial processes are wasteful monsters of so horrible a mien that to be hated need but to be seen, but seen too oft, familiar with their grace, they first endure, then study, then embrace.

I have been in England for eighteen months. That is a long enough period to have really seen something of British life in a more or less intimate way, but is not long enough to have the impact of fresh impressions dulled by familiarity. I came at the very worst time of year, arriving in London on 15th January, 1925, in dull, wet, foggy and altogether disagreeable weather. Coming from the bright freshness and sunshine of Paris I wondered whether I had not been insane to leave France for dreary England but a week among the English sufficed to clear away that question in a satisfactory way.

On the way to Dieppe I sat opposite an English couple who had been having a winter holiday in Switzerland. The Englishman and I got into conversation, and he was full of glee when he

discovered that I had chosen the month of January to make my first visit to this country. He told me that his countrymen were the most virile on earth, as all but the most fit had long since been killed off by the weather. After being in England for three months, I realized that he had told only half the story; he should have said the weather and the cooking.

In the last paragraph I mentioned that the Englishman and I got into conversation. Before I left America I received good-natured warnings from several of my friends to the effect that I must never presume to speak to English people who were strangers to me. "The Englishman is an austere bird," they said in effect, "and he resents any attempt at familiarity". This is as good a place as any to skotch that lie. I have been all over England, and in those places all over Europe where the English congregate, and I have yet to meet any who were not only cordial, but whose good nature and good manners made talking to them a pleasure and a pleasant way of passing the time on a journey. I suppose they would resent questions of a personal nature, such as some Americans I have met are capable of asking, but as to that I can't say as I have never asked them any.

I am writing this book a few days after having returned from a trip through all the more important industrial sections of Great Britain. My journey took me to Glasgow and from there to Leeds, Bradford, Manchester, Liverpool, Sheffield, Bir-

mingham and Coventry. My trip came to be made in this way: During the latter months of 1925, there was a wide-spread epidemic of articles in the American press, to the effect that England was "done" in the economic sense, and that it would never again hold the place in world trade it occupied prior to the world war. Most of this long-distance criticism was the direct result of Jeremiah-like wailings published in British, and particularly in London, newspapers. Generally they arose through political malice of some sort.

English business men became acutely aware that they were being seriously damaged by this sort of thing and set about finding an antidote. The best class of newspapers and other periodicals showed what effect such ideas must have on America, a nation three thousand miles away, and dependent for its information and opinions on what it reads in the press.

At this point Mr. J. L. Garvin, the brilliant and widely-known editor of the London *Observer*, wrote an editorial on the subject in which he pointed out the imperative necessity of disabusing the minds of the American people of any belief that Great Britain or any part of it is on the toboggan and called attention to the fact that the great bulk of American ideas about Great Britain came from London, whereas London is emphatically not Great Britain. "There are many able American writers in London," he said in substance. "One of them ought to emulate Columbus, and

undertake a modern voyage of discovery to the North of England, where the shops and factories that have made us the workshop of the world are located. He would then tell his countrymen a different story from that they have heard from our disgruntled pessimists and he would be doing both us and his own people a genuine service."

That remark caught the sharp eye of the editor of a great American newspaper, and he cabled instructions to London for a series of such articles to be prepared. Because of my years of experience in just such work, and because it was thought more advisable to size the situation up through American than through British eyes, I was given the commission. It proved to be a most interesting and amazingly illuminating task for me. England may only be a spot on the map of the world and might be in danger of getting lost in any one of several American States, but no one can spend a month travelling through its industrial centres without being impressed with the fact that British industry and capacity are something no temporary slump in world buying power can permanently disable. The British themselves are the only people who can harm Britain.

If I were to try and boil down all the impressions of my trip to a single paragraph, I should put it something like this. Britain's resources are tremendous and incalculable; 'probably far greater than the British people themselves have the slightest idea. It has the transportation, the

manufacturing plant, the credit, the raw materials, the reputation, and apparently everything that goes to make a trading and manufacturing nation pre-eminent in its sphere. But as matters stand to-day, it isn't using the kind of economic intelligence necessary to turn these national resources to the best account. It is the human element that is at fault. Ships, machines, money and raw materials are not enough, there must be the genuine spirit of co-operation between workers and employers that is becoming more and more the rule in America, and there must be a greater loyalty on the part of the people of the British Isles, a market numerically half as large as the American market in itself alone, in demanding and getting British-made goods.

The truth is that the British worker has been misled and made to suffer for old evils which might have been removed decades ago. His leaders, with some honourable and brilliant exceptions, have too often been of the type who prefer violence, disruption and acrimony to peace, co-operation and plenty. The great question is whether the workers will wake up to the situation and realize that the more they give for a day's pay the more there will be for everybody and the more wages may ultimately be paid when British goods are produced at so low a cost as to be sold in competition with the goods of Germany, Italy, Japan and the other nations where the workers are not told by their leaders that the least each one

does is the best, on the theory that more jobs will thereby be made available.

That is what is called ca'canny. Many labour leaders will indignantly declare that no such thing exists, but no intelligent person with his eyes open can be fooled on this point. When a bricklayer in England lays 300 bricks a day compared with 1,500 in union-ridden New York, and when the leaders of the coal miners fight desperately to prevent the installation of coal-cutting machines and other methods of winning coal, it is an insult to the intelligence of the public for them to say that something approaching sabotage does not exist.

The union leaders will tell you, and with some justice, that if the men speed up and really produce all the goods they can, it simply means they will be laid off until the goods are sold and a demand for more sets in. That, if true, means that the employers are as much at fault as the workers. I don't mean to imply by any means that the fault is all on the workers' side; they live under conditions that in too many cases are utterly disgraceful. But the only way to make things better is to wipe the slate clean, kick out the labour leaders who look to Russia instead of America for their ideas and inspiration and set about the all-important job of getting down the cost of the goods which England must sell abroad if her people are to keep on eating.

General statements are seldom true, but it seems to me that taking things in the broadest

sense, the working class of England to-day is definitely lower in economic intelligence than the same class in America, Germany, France, Belgium and possibly Italy. The leaders must take the biggest share of the blame for this, because prior to the war the English workers' industry was almost the standard of Europe. To-day there are too many always looking for something to disagree with, and complain about; too many like the famous Irishman who would rather have his grievance than his job. A well-known London editor and financial authority, who knows post-war Germany well, said to me recently, that the post-war economic intelligence of the German worker was far above the pre-war economic intelligence of the English middle classes. The falling mark was a hard taskmaster, but the lesson was learned.

But it is hard to be pessimistic about the future of Great Britain when one turns to the credit side of the ledger. The resources of the Empire are so tremendous they stagger the imagination. With modern methods of exploiting the tropics and with the discoveries in hygiene that make possible the inhabitation of that part of the world by white men and women, the possibilities along that line are unlimited.

The British are strong in the control of products which are either absolute world necessities or are sure to command a ready sale at a good price. They own more than 60 per cent. of all the rubber and wool in the world, and in the case of rubber the

control exercised is really much greater than the figures indicate. Tea is a product which is rapidly increasing its popularity in the world and the British control 70 per cent. of the world supply. The South African gold mines are now the main source of supply for new gold, and here again the British world share is 70 per cent. A predominant part of the world's tin is in British ownership, as well as 80 per cent. of the world's nickel. Jute is a product needed in every important country, and 99 per cent. of the world's supply is owned by the British.

Scotch and Irish whisky are products for which the readiest cash market of any products, except wheat and cotton, in the world exist. Nature has given Great Britain a 100 per cent. monopoly of them, a monopoly not at all likely to be disturbed. Great Britain itself, geographically but a tiny speck on the world's map, with 3 per cent. of the world's population, owns more than 30 per cent. of the ships that carry on international trade and more than 40 per cent. of the world's cotton spindles. Altogether it is pretty clear that the foundation already exists on which the British may rear that structure pictured by United States Ambassador Houghton, when he said in Washington, that within twenty years, Great Britain would become one of the most prosperous nations in the world. To an outside observer, it would seem that only the British themselves can prevent that dream coming true.

CHAPTER II

THE BRITISH THEORY OF UNEMPLOYMENT

WITH hardly any question, the thing which most shocks the American newly arrived in England, is the dreadful begging on the streets and the poverty witnessed on every hand. Men and women, young, middle-aged and old, stand on the curbstone holding out boxes of matches and mutely imploring the passer-by to purchase. If the traveller has come from Paris, Berlin or even Vienna, he will have seen nothing like this; only in Spain and Italy, where begging has been for ages a sort of vested interest will he have seen anything like it. Incidentally, he will see none of it in the Italy of the present day.

Not only are the sidewalks cluttered up with begging match-sellers, but the pavements themselves are decorated with gaudy designs drawn in all the colours of the rainbow by sidewalk artists. The newcomer finds himself distracted trying to avoid stepping on these designs, many of them showing hours of work, until he becomes hardened to it and learns that to give to all these poor unfortunates is financially impossible and to avoid walking over their drawings is physically impossible.

The beggars themselves know that Americans are unaccustomed to such panhandling on the streets. They can spot an American blocks away. When I first came to London I was constantly

being asked for money. At first I thought to myself, "This man (or woman) must be a real unfortunate, because surely no one would humiliate himself in this way otherwise." I started giving shillings to all who asked me. Within a week I realized that I was not a modern George Foster Peabody, and reduced the contribution to a sixpence. Now I give one or two pence.

The appalling thing about the whole situation is that the British, themselves a race who have been in the forefront of charity and well doing for hundreds of years, seem to take no notice of what is taking place daily before their eyes. Investigation will show that these begging down-and-outs are part of England's army of unemployed. That is bad enough, but what is worse is that the British public have become so used to a large volume of unemployment that they take it as a matter of course, a necessary evil, the unavoidable accompaniment of modern industrial life, in short, as a sort of economic act of God against which it is useless to complain.

That this is true admits of no argument. Talk to any intelligent Britisher about the large number of unemployed in the country, and he will say, in effect, "Yes, I know it seems that way to a stranger. But the fact is that these people who are out of work are not the unemployed, they are the unemployable. The ones who are any good, get work some way or other, and even if they don't they have their dole, which is simply unemploy-

ment insurance to which they have contributed their share. The remainder are the dregs of society, and while it is an unfortunate truth, there is no good wasting time in bewailing something that can't be helped."

When the above explanation was first sprung on me, my mind made one of those instantaneous tests we all give new and unusual statements. It didn't ring true to me, but at the moment I couldn't put my finger on the fallacy in it. Later, I realized that the mistake was in the mind of the man I had been talking to, but that he was only an innocent victim of what is a nation-wide complex. The average Britisher has been told that unemployment is a necessary evil for so long a time that he fully believes it. When I said to them that if unemployment were once agreed to be a necessary evil in the United States, France and Germany, those countries would soon have a large surplus of match-sellers, panhandlers and sidewalk artists, their only answer as a rule was the statement that the situation is a difficult and complex one and very hard for an outsider to understand.

Of course, it is true that in every country, especially an old industrial country like England, there are sure to be a certain percentage of unemployables, men and women who would be misfits in any community and who through constitutional, mental or physical weakness are the unwashed drones of society. But to say that in a country of approxi-

mately 15,000,000 workers there must ever be a million-and-a-quarter living below the line of a normal standard of living, and always being a drain on the industry and other workers of the country, is a libel too gross for an outsider to believe. Everybody else wonders why something isn't done about it, although it has gone on so long as almost to come within Mark Twain's celebrated remark about the weather.

In 1922 the number of unemployed reached more than 2,000,000, but it can be clearly shown that most of those who were idle above the million mark, were out of work from temporary and definitely ascertainable causes. But to explain away the present million-and-a-quarter is not so easy. At this writing, in June, 1926, aside from the strike, the number of unemployed is about 100,000 less than on the same date a year ago, and there is also the fact to remember that England has a great many more workers employed to-day than were employed in 1914.

But it is an amazing fact that the statesmen of Great Britain, with centuries of tradition in effective governing behind them, are unable to rise to the emergency confronting them. Instead of seeking a means to wipe all unemployment out aside from the admittedly considerable number of unemployables, British statesmen turn to schemes of unemployment pay, poor law relief, public works to absorb idle labour, widows' insurance, subsidies to industries,—in short, to any path

except the short, direct one of finding a job for everybody somewhere in the world, and then seeing to it that if he or she will not thereafter labour neither shall they eat.

It is obvious that England has fallen away from its former ideal of democracy and individualism for a new regime of institutionalism. We are running the same danger in the United States with such absurdities as the recent Maternity law and the growing interference with the individual and with State rights by the Federal Government, but as yet we are young and rich and the damage will not make itself apparent for a long time. But in England, the damage is being done in the open, and the student of sociology has a laboratory available to him in Great Britain as interesting in its way as the one provided for him by the Fascists in Italy.

This is the fifth winter when the number of unemployed have been over the million mark and one would think it was time for the country, which it must be remembered is the owner of one of the three richest domains on the face of the globe—the others are America and Russia—to be stirring itself about finding jobs. Instead it is putting the finishing and most expensive touches on enlarged systems of unemployment relief, state insurances, etc.

I have made a point of talking this matter over with Englishmen who have spent many years away from England in other parts of the British

Empire where there is no provision for supporting any able-bodied person in idleness. My desire has been to get an intelligent idea as to the number of genuinely unemployable persons, the number who would welcome jobs if they could get them, the number who have been seduced into a love and preference for idleness by the dole, and the extent to which the dole has stopped emigration to the Dominions and Colonies and thus overcrowded the home country.

To take these questions in the order given : the best information I can get is that there may be 400,000 really unemployable misfits in Great Britain, but that the number is certainly not greater than that. I have been given the figure 600,000 as the number who would gladly go to work if they could find jobs, which means that unemployment would to that extent solve itself if the jobs were to be offered. That leaves 250,000 to be accounted for, and I don't believe it is possible to form any figures to differentiate between those who are idle because they have lost the habit of work through living easy lives on unemployment grants and the number of potential emigrants who have remained in England with its various relief schemes rather than strike out for themselves in Australia, Canada, Africa or other British territory where success, and food, drink and tobacco, would depend on themselves.

There is no doubt, and employers everywhere in England will tell you this, that one of the greatest

tragedies in the history of the country lies in the fact that thousands of young men, averaging 16 years in age, are arriving at the time of life when they should normally be taking their places in the shops and factories, but are instead, learning nothing but to be loafers. It is agreed that a failure to enter industry at about that age and the picking up of idle and pernicious habits at that time of life means moral and physical damnation for a heart-breaking number of these boys, boys who would otherwise become the backbone of the coming generation of the country's workers.

The dole is a far-reaching agency. Its social ramifications are far beyond anything dreamed by those who inaugurated these schemes of so-called social reform which, starting in 1911, were planned to make England a paradise for the worker and instead have resulted in ruining thousands. The first consideration in any unemployment scheme should be in the direction of providing employment and using the scheme itself merely as a temporary bridge. Judged by this test, the British scheme has been a failure. It not only has failed to reduce unemployment, but it has undoubtedly made unemployables of many who, left to their own devices and the necessity of feeding themselves, would have become producers and useful members of society.

England has for many years been a badly overcrowded country, although it will probably become increasingly less so, the birth-rate having now

fallen below that of France, and cannot expect to find room within the restricted limits of England and Scotland for a constantly increasing number of people. Before 1914 this annual surplus was absorbed by a steady stream of emigration to other parts of the British Empire and to America. But with the close of the war, this emigration did not begin again. Investigation has shown that the failure to leave England was due to two causes, the fact that many families had lost their elder sons in the war, and wished the younger ones to remain at home—a quite understandable feeling—and the dole.

I talked with a lecturer whose business it was to go around and describe the advantages of Australia for the settler, giving a vast amount of information as to climate, soil, jobs, prospects for getting ahead and acquiring that competence which a working man can scarcely hope to achieve in Great Britain. At the end of his talk it was his custom to offer to answer any questions that might be asked. He said that when question time came somebody would speak up and ask, "Have they got the dole in Australia?" When he would answer that they did not, and that in Australia every man depended on his own efforts, with whatever advice the State could give him, most of his hearers' interest in Australia evaporated. It would be hard to imagine a more damning alleged social agency than one which can kill that spirit of enterprise and adventure that has placed the

British flag in every corner of the world—before the dole was heard of, however.

When I have talked with employers about these things I have said, in effect, “ Well, agreeing with all you say about these evils, it is not much use to criticize them without having something to offer in their place. What do you suggest as a substitute for the dole ? ” A composite answer from a great many people could be framed, I think, about like this: “ It is difficult to propose to take away from those who have so little what little they have. But it is vital that something should be done or our later stages will be worse than our present one.

“ These social improvements of ours have been well meant, but experiment rightly used is a method of trial and error. If a plan doesn't work, the wise thing is to discard it and try another. At present we are killing the spirit of work and industry in thousands of our people, while at the same time, failing to provide anything that will give them jobs. It is better that some go hungry for awhile, if by that fact others will be induced to go to work at wages which industry can pay. Only by more production and more work all around, can the country's economic future be assured, or any hope be held out that any of us will continue to eat. Therefore, our plan would be to set a definite date, say a year ahead, after which there will be no doles and all except the helpless, who are always cared for in any case, would be dependent on their own efforts.”

It will be noted that this plan also shows the lack of imagination shown by the country's statesmen, who can provide most ingenious relief schemes, but haven't enough imagination to provide a scheme which makes relief schemes unnecessary. The employers would provide a desperate remedy for a desperate case, but they would not be much further along from the starting point after they had demolished the dole.

It seems to me that the best case so far put forward, is that which would more or less force emigration from Britain to other parts of the Empire, a plan which would not only relieve unemployment and overcrowding at home, but would people the waste spaces of the Dominions, and provide more customers for home industries. The sticking point in this matter is a double-pointed one. The Dominions have ideas of their own about the kind of people they want to take in, and the emigrant who would go of his own accord is the kind who already has a job and is getting along satisfactorily at home.

This last point has just again been demonstrated. Canada, through the two great Canadian railroads has offered to take a large number of British workers with agricultural training, at a ridiculously low steamship and rail fare. Up to date the number of families who have been willing to go, has been trivial compared to the number of unemployed. But even so, landowners who have seen these good, dependable workers preparing to

leave England for Canada, have set up a wail about losing their tenants and want the scheme stopped. It is a truly baffling and perplexing problem.

A complicating feature of the whole difficulty of emigration is that in the majority of cases those who leave England for the Dominions or Colonies must expect to go on the land. But England is to such a marked degree a country of town and city dwellers, that only a comparatively few people have had experience on farms, and in the kind of solitary life which farm living entails. The average lower-class English person, both male and female, is accustomed to a large amount of social intercourse with others of the same class. With the women this largely takes the form of visiting back and forth in each other's kitchens or hanging over back fences, while with the men it means gathering at a favourite public house or club every night for beer and conversation.

Of course, there are few back fences or public houses on the prairies of western Canada or the wide spaces of Australia. Families who have gone out with high hopes and with every opportunity to make a real home and future for themselves have returned to the slums of British cities, dejected and disheartened, willing to exchange any opportunity of advancement for the human companionship of city life, no matter on how low a plane it has to be sought. This situation has been particularly true of the women and every expert

in the subject knows that actual insanity is a not uncommon thing among women who find themselves transported to a strange and solitary existence by themselves and who are without those mental resources which make possible a life of quiet and solitude for educated and cultured persons.

It seems agreed that some form of community existence must be devised if the emigration of lower-class town dwellers to country life is to be made a success. Many excellent minds are devoting careful and patient effort toward devising such a system. One of the great drawbacks to it is the open and active hostility of the socialist element in British public life. These demagogues have numerous grandiose schemes for despoiling the owning classes of their property, after which they tell their dupes that there will be food and good living for all and that it will be unnecessary to toil in Australia's sun or Canada's snows to make a living. The less intelligent elements listen to such rubbish and tell themselves that it is at least worth trying. Considering the scale of living of the English lower classes it is not surprising that they are willing to try anything, and that a social experiment made at home in England appears to their untrained minds to be a much more logical affair than to pull up stakes, go across the world to a new country and seek their fortunes there. In view of the repeated failure of British statesmen to produce any workable scheme of their own to

mitigate conditions, it is not anything to be wondered at that the socialist agitator gets such a respectful hearing.

Another drawback to emigration, and one for which the home Government cannot be blamed, is the unhappy experience of Canada in following the American prohibition experiment. That false path is being retraced, but not in time to undo much of the damage that has been done. The fact is, that the British Empire has been built on beer and the British working man is not going to a country where he is forbidden by self-appointed judges of his conduct to have this harmless refreshment. Prohibition in Canada has unquestionably been a serious factor in producing distrust and a disinclination to emigrate. Even the brain of a man who has never been beyond the third grade in school is sharp enough to perceive that a country which will deprive him of such an elementary liberty as this might at some future date deprive him of other rights. Also, Canada and the United States are linked closely together in the minds of the average Englishman and the knowledge of the savage attacks on personal liberty that have succeeded in the United States makes him afraid to expose himself to the danger of such attacks in Canada.

CHAPTER III

THE COAL SITUATION AND THE GENERAL STRIKE IN BRITAIN

THE term "general strike" is one that has been used by labour agitators in various parts of the world for many years. When first used, it sounded exceedingly serious, but as time went on familiarity bred contempt, and the failure of labour to succeed in bringing about a real general strike in any important country lulled the public to sleep, and the possibility of such a thing happening was discounted. Especially was this true in Britain, where the public has spoken of the sound common-sense of the working man, and the feeling of responsibility of his leaders for so long a time, that people had gradually come to believe that the common sense and the responsibility were in existence.

A rude shock and an awakening hit the British public on 1st May. They then realized that the bolshevist utterances of the A. J. Cook type of labour leader were not idle mouthings, but deadly serious advance notice of what the public might expect if a general strike were called. The completeness of the strike proved that the patient work of organization with the idea of bringing the country to its knees had been well done by the labour leaders, and that the plans which the Government had made for meeting such an emergency were ridiculously inadequate in comparison.

It is difficult to realize the far-reaching character of a general strike without having been through one. Modern life, especially in large cities like London, is largely a matter of transportation, both for individuals and for supplies. Reduced to the necessity of walking and of living on non-perishable staple commodities man realizes to what an extent he has parted with his real independence, and is dependent on the agencies provided and maintained by other social groups. The British are a phlegmatic people, and they accepted the situation philosophically when they found themselves without means of getting about other than their own legs, but the loss and trouble caused were enormous and have set the country back to an incalculable extent, just at the moment when it appeared that a definite turn for the better had set in.

Nevertheless, most intelligent British people have felt that the crisis represented by the general strike of 1st May, was one which Britain had to meet soon or late, and that it was just as well to meet it in May and have the ordeal over. The weather in England after 1st May is almost certain to be mild enough to do without fires, so that the only vital necessity was the continuation of food services.

The whole general strike, while it used the coal troubles as a pretext, was really an attempt by the leaders who make up the Trade Union Congress, generally referred to as the T.U.C., to hold

a pistol at the country's head. One of the basic disagreements between the coal mine owners and the miners was the continuation of the system of national agreements on wages, which have been in effect in Britain for several years and which, with the seven-hour law in the coal mines, and the so-called peaceful picketing law, are regarded as the high-water marks in the swing toward socialistic legislation initiated by Lloyd George and expanded during the war years, when various groups of organized labour threatened the country with civil war if their demands were not met.

The mine owners, whose situation differs radically in various parts of the country, were anxious to abrogate the national wages agreement, and to establish district agreements that would be in line with the conditions prevailing in the various fields. The other unions, which also have national agreements on wages, believed that if district agreements were made in the coal industry, it would be only a question of time when the movement would spread to other industries. The leaders thereupon determined to uphold the miners at any cost, but fearing that they would be unable to hold their followers in line to bring about a general strike, careful plans were made in the summer of 1925 which ended in giving the Trade Union Congress power to bring about a general strike without further authority from the rank and file of the unions. It was this authority that made possible the calling of the general strike of 1st May.

How many members of the various unions, especially among the railway men, would have voted for a strike and have quit work to help the miners is an impossible question to answer; at any rate, the leaders did not dare to risk a popular vote on the question. The truth seems to be, that the radical labour leaders had gone so far, and had promised their followers so much, that when the crisis came in the negotiations which preceded the calling of the strike, they found themselves so far committed, that they didn't dare retreat. For them it was better, so far as their individual fortunes were concerned, to go ahead and risk everything, and with the hope of effecting a revolution, rather than go back to their dupes and confess themselves beaten by the logic of events.

The leaders were able to swing the men to their way of thinking largely because of the supine attitude of the Government on 1st November, 1925. At that time the wage agreement between the miners and the owners came to an end. The owners were obviously unable to continue to pay the prevailing scale of wages, and consumers of coal were unable to pay for it, if it was to continue high, owing to high wages and the seven-hour day. Rather than risk an industrial conflict on the eve of winter, the Government consented to subsidize the industry for six months, during which period a Royal Commission should investigate the industry, and seek a means of reorganization and

rehabilitation for it. The subsidy has now cost the country £23,000,000 and for all the good it has done, might as well have been dumped in the English Channel.

The labour leaders, having seen their bluff work once, believed they could repeat the performance. In spite of the carefully considered and conservative findings of the Coal Commission, the miners' leaders announced the absurd slogan, "Not a penny off the wages, not a minute on the hours". The first announcement of a coal subsidy had met with great misgiving from all the thinking people in Britain, who realized that if coal received a subsidy from the national exchequer, there was no reason why the iron and steel trade, the ship-builders, railways and other depressed industries should not ask for a subsidy as well. The country determined, and the Coal Commission expressly laid it down, that the subsidy must come to an end at the conclusion of the promised six months, and must not be repeated. But the miners' leaders, having won once, refused to believe that the Government would defy them. They played for a high stake, with the welfare of their own country in the balance, and lost.

The Government believed that with the Coal Commission report for a basis on which to negotiate, the owners and the miners between them should be able to work out an agreement that would enable the industry to continue. Events proved this to be a pious but futile hope.

The owners' proposals inevitably provided for longer hours or shorter wages, and to both of these suggestions the miners' leaders refused to listen. Day after day drifted on, with no progress being made. The owners, when the time drew near for ending the subsidy, protected themselves by posting notices at the mines which informed the miners that after 30th April the old wage rates would no longer apply, but that the mines would be open for operation on the basis of a new wage or hours agreement.

The miners' leaders chose to consider this a lock-out and called on the other unions to assist them. With the suddenness and paralysing effect of a cobra's bite they responded with a call for a general strike. Britain awoke to find itself thrown back a hundred years so far as transportation was concerned. Railways, underground, trams and 'buses were silent. Those who could, walked, engaged taxis or were given lifts by private car owners, and thus got to their offices or stores; those living in the country were mostly marooned, and had to stay where they were.

The final proposal of the mine owners to the men gave up the original demand for the abrogation of the national wage agreement and instead offered a minimum uniform wage rate, but stipulated that eight hours a day should be worked for the next three years against the seven-hour day at present in vogue. The miners themselves refused to discuss the eight-hour day, and put forward wage

demands that would have put at least 80 per cent. of all the mines in Britain out of operation. A very large number of mines have lost money during the past six months in spite of the subsidy from the national exchequer. Some mines are actually losing three shillings a ton on every ton brought up. Obviously, high wages for the miners in the face of present conditions cannot come out of the owners, and the nation is determined that they shall not again come out of the taxpayers' pockets. It is impossible to continue taking out of an industry more than there is in it, and the only way in which higher wages can be paid the miners, is to render the industry itself more prosperous.

The difficulty which no amount of theorizing about the rights of the workers or other abstract subjects can overcome is that the quarrel is not between the miners and the owners, both of whom are in an unhappy situation, but between the miners and economic law. It is a physical and financial impossibility for the British coal industry to prosper under present wage and hour conditions, when America, Germany, France, Poland, Belgium, Russia and Luxemburg are all mining coal at lower costs than is now possible in the British mines. Forty years ago the average output of coal per miner in Great Britain was 319 tons; last year it was 217. That is a lower amount than in Germany and is approximately one-quarter of the American *per capita* output.

Meanwhile, the announcement that a general

strike had been called in England brought joy to every mining community on the Continent. The coal industry has been depressed in every country in Europe, and vast piles of unsaleable coal have been accumulated, but the prospect of taking over all the export markets for British coal has cheered up the miners and mine owners of other countries, who expect to profit by the British difficulties. The statement that the Continental miners will refuse to mine coal to replace British coal may be put down as absurd; when the French invaded the Ruhr and threw thousands of German coal miners out of work there was no hesitation to execute orders in the British coal industry, although those orders were due to the fact that the Germans were unable to export their own coal.

Probably the thing that has led to the industrial debacle in Britain can be traced to the will-o'-the-wisp of nationalization more than to any other single cause. Fired by the example of Russia, the labour leaders in Britain several years ago started a campaign for nationalization of the railways and the coal industry. The breakdown in Russia seems to have gone unheeded by these men, who are going on the theory that if they can bring about nationalization of the British coal mines and railways, these industries can be permanently quartered on the taxpayers of the country at high, stabilized wages. Such an attempted solution of the miners' difficulties would, inevitably, bring

about the bankruptcy not only of coal and the railways, but of the iron and steel industry and subsidiary industries as well.

There are two things which no strike, national or otherwise, and no agreement between workers and owners can possibly change. They are fundamental in the British coal industry and involve economic laws that are as impossible to change as the law of gravity. The first is that there are many more thousands of men trying to obtain employment and make a living in the British coal industry than there is any room for, and the second is that British coal cannot compete in the world export coal market when British miners work shorter hours per day than those of any other country.

Under British law, a miner is forbidden to work more than seven hours a day, and the employer is guilty of an offence if he permits a worker to do so. While the result is called a seven-hour day, the fact is, that, owing to the time required to get to the actual working face in the mine, the number of hours during which coal is actually mined averages $5\frac{3}{4}$ hours. In Germany the effective working time is $6\frac{1}{2}$ hours per day, while in America it is much more. The Coal Commission report shows that the wage cost of producing a ton of coal in Germany is 7s. 9d., while in Britain it is 11s. 5d. Beyond question this largely accounts for the fact that while coal exports from Britain have dropped from 98,000,000 tons in 1913 to

68,000,000 tons in 1925, German exports have gone up in the same period from 34,000,000 to 35,000,000 tons and will in all probability show a large gain this year as a result of the paralysis of the British coal trade.

It is admitted that to reduce wages in the British coal industry to a point where coal could be mined and sold at a profit on the basis of the present seven-hour day would lower the miners' standard of living to an impossible degree. No one wants the standard lowered, on the contrary it is of the utmost necessity that it be made higher all round, but the stubborn fact persists, that it cannot be raised, nor even maintained at its present unsatisfactory place, on a seven-hour day. The Coal Commission report stated that a lengthening of the working day from seven to eight hours would save from 1s. 6d. to 3s. on the cost of each ton mined, which would be enough in a great many cases to make it possible for mines to produce at a profit and to remain in operation.

As matters stand, the miners are faced with these alternatives, either wages must be reduced drastically, the working day must be lengthened, or the majority of the coal mines must go out of operation. The first is shown to be unnecessary by the Coal Commission report, and the third would leave the miners in an indescribably bad position. Most of them know nothing but mining, and would have extreme difficulty in finding a place in any other industry, even assuming that

other industries in Britain had openings for them. The lengthening of the working day is the logical, and it may be said without endeavouring to fill the rôle of prophet, the only possible solution of the British coal crisis.

The point to remember regarding British trade and industry is that it is an inverted pyramid of which the base is the coal mining industry. • If the coal industry becomes permanently bankrupt, there is little hope for the iron and steel industry, the engineering industry, shipbuilding and the host of subsidiary industries dependent on these major activities. Cheap coal is the foundation stone on which rests every important ramification of British trade. It was a combination of coal exported and sold in exchange for food and raw materials, and manufactured goods made possible by cheap coal for sale in every part of the world that built up Britain's industrial pre-eminence. That pre-eminence is now threatened by the action of the labour unions, but the threat has been put forward in such an arrogant way, that the entire nation has rallied to defend itself. •

Sir Robert Horne, who knows the industry well, and is known as a sane and conservative man, says concerning the present situation : " The point I desire to make is that, in spite of everything—taking into account the character of our average coal measures, our conditions, and the competitive costs of other countries—there is no method by which you can bridge the gap which lies between

the highest wage which at world prices the industry can provide, and the wage which the miner is likely to accept, unless by a greater production obtained in a longer day. . . .

“ There are certain stubborn irresistible economic facts in this situation which cannot be evaded. Everything comes back to the necessity of producing coal for sale at home at such a price as will give our other industries a fair chance in the markets of the world ; and for sale abroad at such a price as will enable our coal to compete in the export market. Price depends upon cost. Unless we can bring our costs to such a figure as will produce these prices, we must succumb. I cannot believe that the miners of this nation, who are as patriotic as any other section of our citizens, will allow it to be said that they were willing to imperil the industrial existence of this country, rather than return to an eight hours day.”

Sir Robert wrote the above before the strike started ; the event showed that not only the miners, but the transport workers and many other organized trades, including the mechanical workers on all British newspapers, were perfectly willing to “ imperil the industrial existence ” of the country to further what they conceive to be their own selfish ends. There has been a great deal of assiduous propaganda in Great Britain to the effect that the employing and owning classes were conspiring to take away from the working classes the great gains won by the latter during and since the

war, and radical leaders whose real aim is revolution, have capitalized the fear felt by the workers that they might have to return to the sordid conditions of early days.

The trouble is that in the relations between certain unions and the employers, especially in the coal and railroad industries, there is no trust placed by one side in the other. Each is confident that the one is out to exterminate the other, but in the end it is the public which comes out worst.

It would require a book to give a complete picture of the coal question in Britain. Present difficulties are the almost inevitable legacies of generations of bad conditions. The coal miner's lot and that of his family are undeniably bad. He works in the bowels of the earth, seldom seeing the sun or a blade of green grass. His work is filthy and his facilities for ever getting clean are extremely meagre. In most cases he lives in a hovel and his children have little prospect ahead of them in life, except to follow the sordid and well-nigh hopeless example of their parents. But this condition is one that can hardly change, and for which no one in particular can be blamed, as long as twice as many men are trying to find employment in the mines as there is work for. No amount of sympathy from the public or activity on the part of public-spirited mine owners or public men can do much to remedy a condition which is fundamentally economic and not social or political.

One thing is certain ; Britain must find a way out of its coal troubles if its other industries are to survive. Without cheap coal, good-bye British competitive power in the markets of the world. Another urgent necessity is the remedying of a legal situation under which radical union leaders are able to tie up the transportation and industry of the whole nation. The present troubles in Britain are terribly expensive, and well-nigh suicidal, but if they result in freeing British industry from the strangle-hold the trade unions have imposed upon it since Lloyd George first came upon the scene possibly they will in the end have been found worth while.

CHAPTER IV

EMPIRE MARKETS AND TRADE DEPRESSION

It would be hard to imagine a more involved subject than that pertaining to the trade relations, past, present and future, of Great Britain and the other parts of the British Empire. Most of the Empire, with the exception of Canada, is intensely British in many ways, but the average Colonial and Dominion citizen draws the line when it comes to giving the Mother country much of an advantage in the way of markets or preferential trade agreements.

This situation is largely the fault of the home government, whose bureaucrats, like all bureaucrats the world over, have in the past arrogated all wisdom to themselves, and have looked down upon British citizens living elsewhere than in the British Isles, as a sort of inferior order of beings, whose function in life was to supply raw materials at low prices, buy manufactured goods at high prices, and be content to know that superior beings in Whitehall were in charge of everything that really mattered. But the overseas Britishers, with George Washington, Thomas Jefferson and Patrick Henry to give them moral courage, have failed to take this view of things. They are content, at least for the time being, to remain British, but they insist on calling themselves units in the Commonwealth of British Nations, and when the Mother country asks for special favours, their

attitude is that of the American dorky, who, when asked to part with something, responds "How come?"

Up to about 1914, most British overseas territories were content to be producers of primary products, and to look to the workshops and factories of Britain for their manufactured goods. This has very definitely changed, and along with the change in British territory has come the loss of markets for manufactured goods in many other countries which have also decided to supply as many of their own wants as they are able. Not only so, but both British and other territories have taken action to subsidize in one form or another, the manufacture of goods on their own soil, and to penalize the importation of goods made abroad.

It is natural that with the gradual loss of markets in many parts of the world, where they are compelled to compete on equal terms with American, German, Japanese and other nationals, British manufacturers and traders should turn to the one-quarter of the land area of the earth under the British Flag and seek to build up protected markets. This is what they are now seeking to do, but they find, sometimes to their surprise, irritation and mortification, that they are treated by their overseas brethren on a strictly "business is business" basis. The Dominions are willing to give three cheers for the old country, but when it is a question of giving trade concessions, they want to know what is in it for them.

Nevertheless, whether the home manufacturer has to swallow his pride or not, the conviction is rapidly growing in all circles in Great Britain that the nation's economic future, if it is to be saved and broadened, depends more than anything else on the development of mutually satisfactory trade relations between the Mother country and British lands overseas. In trade meetings and in Parliament, a subject that receives constant attention, is how to bring the Dominions, India, and other British territory closer to the trade of Britain.

The importance of Empire trade to Britain, and the dubious circumstances of that trade at the present time, are well illustrated in the case of Lancashire cotton goods. In 1913, Britain exported 7,100,000,000 square yards of cotton cloth, of which 3,800,000,000 yards went to places within the Empire. In 1925 the amount taken by the Empire was 2,100,000,000 yards, largely because the prices of British cotton cloth were too high for the Indian buyer. Inasmuch as the cotton goods trade of Lancashire is the most important single industry in Britain, it is obvious that this drop in Empire consumption of goods was a heavy blow to the country's foreign trade.

Furthermore, the expansion of population and manufacturing capacity in Great Britain, makes it imperative that Empire markets should expand at a rapid rate. They are not doing this. The growth of population in all the Dominions is amazingly slow when it is considered how over-

crowded is the Mother country. In Australia, the average yearly increase in population in 1911-13 was 150,000; in 1923-25 it had dropped to 130,000. In Canada, the fall in the average yearly increase of population has been from 375,000 to 141,000. In 1911-13 the average yearly migration to Australia was 57,000; in 1923-25 it had fallen to 27,000. In Canada the migration fell from 132,000 to 54,000.

During the same years the population of Great Britain increased by 600,000. In efforts to encourage and expedite emigration from Britain to the British territories overseas, Parliament appropriated £10,500,000 in the years 1922-25, but so little progress has been made, that only about £1,500,000, or roughly 15 per cent., has been spent.

Part of the difficulties in increasing British markets, and expanding overseas demand for British goods through the assisted emigration of British emigrants, is due to the obstacles put in the way of all except agriculturally trained immigrants by the Dominions themselves, and part is due to the obstructionary tactics of the British labour party at home. The form taken by the latter is illustrated by a speech made by a Labour member of Parliament in a recent debate on Empire trade. In a speech entirely devoid of economic comprehension, and of a distinctly soap-box type, this member said his party "could not overlook the fact that the British Empire was composed, roughly, of 60,000,000 white and

390,000,000 coloured people, and they would not be a party to the use of British capital or power in the further exploitation of the coloured communities in the Empire either for the British capitalist, or the British community in its larger sense".

To-day the Indian market absorbs one-eighth of all the exports of the United Kingdom,* but whereas the foreign trade of India is growing steadily, the British share of the trade is not keeping pace with its expansion. Other countries are steadily boring into what was for decades and centuries practically a British monopoly. Before the war, 64 per cent. of all the imports into India were British, but that percentage is steadily declining. The average income of the millions of India is £4 a year, and that amount is not sufficient to make them purchasers of British goods at their present high cost of production.

Still, Empire trade on the whole is increasing, although not as fast as it ought to do if British manufacturing capacity is to be kept at a reasonable pitch of employment. In 1913 the total British exports to Empire markets represented 37.2 per cent. of the total export trade. In 1925, a difficult year in overseas trade, the Empire market absorbed 39.3 per cent. of the total exports, while in the first quarter of 1926, the record was even more favourable. When the character of the exports is considered, the record is better still. Of British exports to foreign countries in 1925,

28 per cent. were wholly manufactured, while of exports to British overseas markets 38 per cent. were wholly manufactured. In 1913 the imports to the United Kingdom from the Empire, were 24.87 per cent. of the total imports, while in 1925 they had risen to 29.77 per cent., and here again the first quarter of 1926 shows an additional gain.

The British business man feels, and certainly with a great deal of truth and justice, that the Empire could be made a prosperous unit of world trade, if each part of it would be willing to restrict its activities to those functions for which nature seems to have designed it. Every intelligent person knows that the best place to manufacture an article, is wherever it can be manufactured cheapest. When the British see Canada trying to build up a steel industry in some God-forsaken place, which must immediately enter into some sort of subsidized competition with the steel industry of the Midlands, they are disgusted, and with good reason. Australia's desire to build up a wool textile industry, is in the same class.

There is little doubt that the unwillingness of the British living overseas to grant substantial preferential trade advantages to the Mother country, arises from the fact that, while the Dominions are all convinced of the virtues of a protective tariff policy, they are in constant dread of the activities of the free trade group in Great Britain. Within a week of the time this is written the Chancellor of the Exchequer, has appealed for

a non-party agreement to let all present Imperial trade preferences stand for ten years, regardless of what Government shall come into power within that period, only to be ridiculed by the free trade element of his own Conservative party and to be served with notice by the Liberal and Labour parties that they would refuse consent to any such agreement.

Although in 1924 British subjects bought British goods to the value of 14s. 9d. per head, compared to purchases amounting to 6s. 8d. per head, by foreign peoples, the free trade inoculation is too virulent to be overcome by anything so uninteresting as mere facts.

Theoretically, a tariff between Great Britain and Canada or Australia is as absurd as a tariff between New York and California, but in actual practice it would be a practical impossibility to get the Dominions to give the Mother country any trade favours that were not fully compensated for in some way.

CHAPTER V

THE BRITISH COTTON TEXTILE INDUSTRY

It is not too much to say that Britain's entire industrial structure depends for its prosperity more upon conditions in the cotton textile trade, than upon any other industry. The cotton trade of Lancashire is the backbone of Great Britain's foreign trade. Anything that affects the trade in cotton goods affects every man, woman and child in Great Britain, and indeed, in the entire British Empire.

An idea of the relative importance to the country of the cotton goods trade, a little more than 80 per cent. of which is export trade, may be gained from the following figures of British exports for 1924. The total value of cotton goods exported in that year was approximately £190,691,000, while iron and steel came second with £74,534,000, coal third at £72,079,000, woollen and worsted manufactures fourth at £67,797,000, machinery, including electrical machinery, fifth at £44,782,000, apparel, including boots and shoes, sixth at £30,046,000, and chemicals seventh at £25,478,000. These figures make a stupendous total, and they prove the old saying that Britain must export or starve.

A very large part of the industrial depression that has prevailed in Great Britain for the past three or four years, and through which daylight is only now being faintly discerned, is due to the

difficulties which have faced the cotton textile industry, and to a lesser extent the woollen and worsted industry. To get a complete picture of the causes leading up to the recent depression, one would have to return to 1914. In that year, with a large crop of American raw cotton, prices of the raw material dropped so low that the growers in the southern American States were nearly ruined. Even with cotton selling at eight cents a pound, the spinners of Lancashire refused to buy. War conditions soon changed that state of affairs, but not in time to save many thousands of planters.

Under the stress of war hysteria and speculation, prices shot up to points not reached since the time of the American Civil War, with the result that prices for manufactured cotton goods rose at the same time until many markets in which Lancashire goods had formerly been supreme were unable to finance further purchases. The cotton growers of America learned a hard lesson from their experiences of 1914, and determined not to get caught in the same way again. Crop diversification became the general rule, and what voluntary diversification failed to achieve in bringing about restriction and the maintenance of prices at a profitable level the boll weevil came along and did by compulsion.

The result has been that during recent years, cotton has remained on a price level for the raw material entirely out of relation to the buying power of the millions of India, China, South

America, Africa and the other great markets, where Lancashire at one time had what amounted to a monopoly. These markets were formerly huge consumers of cheap cotton goods, nearly all of which were made from American cotton. With the increase in prices, coupled with increased production costs in Lancashire, due to shorter working days, improved conditions of employment, social insurances and higher wages, British manufacturers found themselves losing markets to Japan, Italy and to the domestic textile industries which have been started in India and China.

The result has been unparalleled depression in the British cotton trade. Lancashire is the most favourable place in the world for the development of a great textile industry. Its climate is superb for the purpose, there being just enough moisture to prevent the threads from breaking, a feature which has to be controlled in American mills through an extensive system of ventilation. The greatest asset of all, is the trained body of workers, men and women who have been born into the cotton industry, and whose parents and grandparents spent their lives in the mills. No other place in the world even faintly approaches Lancashire in this respect. Finally, there is the remarkable reputation for good goods, which the British manufacturers had built up during a century of honourable, square dealing with their customers throughout the world.

But all these factors were unavailing when the

customers didn't have the money to buy. Short cotton crops meant higher prices for raw cotton, while the domestic consumption in America kept increasing until it is now 60 per cent. of the American crop. In this situation the Lancashire manufacturers found themselves facing a hard dilemma. Their staffs of workers being their greatest asset, it was felt better to run the mills at a loss, selling goods below the actual cost of production while awaiting a return of better times, than to shut down and wait for the time when an acute shortage of the manufactured product would bring prices up to a remunerative level. This policy was adhered to, and is estimated by competent authorities to have cost Lancashire cotton manufacturers about £200,000,000 during the past four years.

It is now generally believed that this policy was fundamentally wrong. It would not have been adhered to, but for the general feeling throughout the industry that business would improve much sooner than has been the case. As is well known, the equalization of prices in different parts of the world and as between raw materials and manufactured products has been an unconscionably long drawn out process. In the two greatest Lancashire markets, India, with a population of 319,000,000 and China, with a population of 448,000,000, this difficulty has been particularly pronounced, with the result that short time in the section of the industry spinning American cotton

has been an unhappy necessity, with practically no profits to the manufacturers and a low scale of living for the operatives.

During these depressing years, liquid capital has been exhausted, many calls having been made on shareholders and bank loans have been utilized as far as the banks would permit. A number of well-informed business men in Lancashire said to me, that if it were publicly known how far the five big banks have been drawn into the difficulties of the cotton industry through loans which can hardly ever be wiped out, there would be a profound public sensation. It will take many years of moderate prosperity to wipe out the losses of the last four.

In that section of the industry spinning Egyptian cotton, matters have been much less distressing, and the lack of teamwork between the two main branches of the industry thus resulting, has greatly added to the difficulties of the American section. Various remedial measures proposed from time to time have failed because ~~the~~ Egyptian spinners, mostly centred in the Bolton district, have refused to admit that their interests lay in any way in throwing in their lot with the American section.

In this connection it is interesting to observe that the tendency which holds good throughout practically every British industry, viz., the change from quantity to quality production, is particularly noticeable in the cotton goods trade. On quality,

Lancashire leads the world, and it has become apparent to the manufacturers that with high-priced cotton likely to continue for years to come, the logical thing is to concentrate on the high quality for which their mills are justly famous, and to let the cheap, low-grade trade go where it will. This change is an accomplished fact, and it is a change that is practically an insurance policy for Lancashire and British trade generally during the years to come.

There is no doubt that as the world gets straightened out and as markets become better developed, the demand for quality goods increases at an ever-growing rate. High purchasing ability inevitably brings forth a demand for the best the market affords, with prices a secondary consideration. Markets then change from buyers' markets, as at present, to sellers' markets.

But aside from all other considerations, the sheer magnitude of the British textile industry assures its dominance of the world situation for many years to come. A remarkable situation has prevailed since 1914. The population of the world has been steadily increasing, but it is doubtful if there are as many spindles in the world as in that year. In America there has been a steady growth, but less than five per cent. of the American cotton goods production is available for export, compared with 80 per cent. in Great Britain. Even that small amount is of low-grade stuff, mostly going to South America and China.

The following table of population and spindles, shows what a dominating position is held by the British manufacturer :

Country.	Population.	Spindles.
India	319,000,000	8,313,000
Japan and Depen- dencies ..	75,000,000	5,110,000
Italy	38,500,000	4,635,000
China ..	448,000,000	3,350,000

Compared with
Great Britain 47,000,000 56,710,000

I quote the figures given by Sir Charles Macara, one of the great living experts on the cotton trade, in his latest book, *Trade Stability and How to Obtain It*. The latest figures of the International Cotton Federation, made up to 31st July, 1924, give a total of 100,224,000 spindles for Europe, 16,053,000 in Asia, and 41,455,000 in North and South America. The European figures include 7,246,000 spindles for Russia, but it is known that a very large part of the mills in that unhappy country have been run until they have been wrecked and will never again figure in production. There has also been a tendency in Italy and in Japan to run the plants night and day, without adequate upkeep, such as obtains in the British mills, so that so far as actual condition of plant is concerned, the figures are even more favourable to Great Britain, than at first appears.

It will be seen that India, China and Japan, with a combined population of about 800,000,000 have

only about 16,000,000 spindles, and these are only adapted to the production of low-grade goods. It has taken nearly a hundred years to make the progress so far made in Asia, so that it does not appear that Lancashire, with anything like competitive conditions obtaining in world trade, has much to fear.

It takes a long time and much capital to establish a textile industry, but the difficulty of obtaining a trained personnel is even more of a handicap. It is estimated that it costs 100 per cent. more to build and equip cotton mills in America, India, Japan, and China than it does in England, and from 50 to 60 per cent. more on the Continent of Europe. Textile machinery is costly and in the better grades the British machinery manufacturers have what amounts to a monopoly. One of the busiest industries in England to-day is the Textile machinery manufacturing industry. It is swamped with orders both for home mills and from other parts of the world, particularly Germany. I was told by a textile machinery maker that the orders placed by Russia during the past year would amaze the public if the extent of them were known. He said that in no field of industry were the Russians so badly off, and so completely unable to help themselves without outside assistance, as in the case of textile machinery.

There has been some apprehension in England over the growing exports of textile machinery to other countries, it being said that England is thus

equipping her competitors to take away business in the future. A little study of the figures will show such fears to be unfounded. Textile equipment is not keeping pace with the growth of population and the depreciation of existing machinery, while there is slight chance of a sufficient number of high-grade operatives being trained elsewhere in the world to threaten the leadership of Lancashire. It is further known that textile machinery sold to Italy, China, Japan and India wears out much faster than would be the case of the same machinery installed in a British mill. Textile machinery requires expert and constant care, and this it seldom gets in countries of the East.

But a brighter day really appears to be dawning for Lancashire, and it is coming just in time. The figures for the American crop received in England during the fall months of 1925, each new report showing large increases in the number of bales, were good news for Lancashire. With a reasonable price for raw cotton, it was felt that customers who had been out of the market for many months and even for years would again be able to order British goods. These hopes seem well on the way to realization. Buyers have been holding off, it is true, not being sure that the bottom had been reached in American cotton prices, but as this is written it appears that price stabilization has finally been reached and that any changes hereafter are likely to be upward. Orders are already

coming in constantly widening circles and within six months a state of affairs is expected where employment in Lancashire will be much greater than at present.

Operatives in the American section of the mills are now working only a little more than 30 hours a week, compared with the 48 which they would like to work and the 55 of pre-war times. It only requires, however, a slight increase in orders to bring about longer working hours, because it is a well-known fact that the shelves of textile merchants of all the important importing countries of the world are bare of goods. There is a certain minimum of consumption which must go on regardless of business conditions and even this minimum is behind hand.

The financing of the British cotton industry is quite different from the methods in vogue in most other industries. Whereas in most manufacturing lines the shareholders put up the bulk of the capital, in cotton the shareholders' interest is small, while most of the funds are supplied by debenture or bond holders and by bank loans. This means that the fixed interest charges on the mills are very heavy and while in profitable years the shareholders may receive large profits their general average over a period of years is not apt to be very high. Figures have been compiled showing the results of 100 cotton spinning companies over a period of 31 years, including four boom years. This tabulation showed that the annual return on the

share capital averaged $5\frac{1}{2}$ per cent., while the return on borrowed money and share capital together was $4\frac{1}{2}$ per cent. Certainly not a remarkably profitable showing for an industry so firmly established as the Lancashire cotton trade.

There are few important industries in the world where the relations between masters and men are as satisfactory as in the British Cotton Industry. There has not been a serious labour dispute in a quarter of a century, nor is there likely to be. Machinery for getting together on a sane and reasonable basis was developed long ago, generally put as dating from the so-called Brooklands Agreement, and nothing has since happened to seriously becloud the relations between workers and employers.

It may be interesting to see what two admitted authorities have to say about the outlook for the future in the British cotton trade. In a review of the business possibilities of 1926, Sir Charles Macara, of Manchester, who was for 21 years the head of the Spinners' organization, says, after alluding to textile affairs in other countries :

"From what has been said it will be gathered that our troubles are mainly domestic, and have nothing to do with what the foreigner may or may not do in the matter of competition in our markets abroad. In the particular class of goods that Lancashire produces—goods of the finest and best quality—we have as yet no rival, and I doubt whether we ever shall be beaten if we but keep our

operatives together by treating them fairly and generously. The subtleties of cotton-spinning and manufacturing cannot be mastered in one or two generations, and we have had such a long start, both as regards personnel and equipment, that it will be difficult for us to be overtaken, especially, too, as we happen to have a climate unmatched anywhere for the production of textile goods. One is aware, of course, that one or two foreign countries are learning by experience and doing better work now than they did formerly, but Lancashire finds nothing in this to perturb her seriously.

“ America which owns the next largest spindle-age to ours and has, perhaps, had more experience in cotton-spinning and manufacturing than any other country outside England, since the introduction of power-driven machinery, still finds it necessary to come to England for the highest class of cotton goods, and despite the excessive tariffs, we are at the present moment doing more business in ‘ Fancies ’ than ever we were. Indeed, so large has the trade in voiles, poplins and other fine goods become during the last year or two that the home producers lately applied to their Government to raise the tariff wall against us still further. The answer given was as unexpected as it was crushing. In effect the Government said, ‘ You cannot make the goods that England is sending. When you can, come to us again. Meantime, we cannot consent to raise the tariff further, seeing that the

goods imported do not enter into competition with any manufactured in America, and to raise the tariff would be putting an unwarrantable burden upon those of our own people who buy these goods.' "

Another expert is Sir Edward Stockton, a large holder of cotton-mill securities and with many years practical experience in the trade. He is not the type who whistles to call up the wind or who believes that by talking prosperity loudly enough he can induce some of it to come around, a device not entirely unknown in the United States, as witness some of Judge E. H. Gary's predictions of expansion just before a slump has hit the steel trade. Here is what Sir Edwin says :

" The task in 1926 is to accelerate the improvement just quoted. The prospects are certainly becoming more favourable. We now have the assurance of an adequate supply of raw cotton. We have not as yet reached that stability of price which is essential, but we are quickly heading for that condition of stability. There are distinct signs of an awakening in many of our important markets for Lancashire textiles, and I believe we are likely to see a substantial improvement in demand in the very near future in many directions. The markets of the world are not well supplied with cotton goods. The stocks in India must be abnormally low, for not only have recent imports been very low, but the Bombay mills have had a prolonged strike. The economic conditions in

India show a decided tendency toward improvement. With an increase in India's prosperity there will come a substantial increase in her powers of consumption and purchasing capacity. Lancashire has proved her good will toward India by her acceptance without protest of the abolition of the Cotton Excise Duties, and this is more than likely to result in cementing India's good will toward Lancashire.

"In China a vast potential field for trading activities, the immediate future hardly justifies any decided promise of steadiness, but the fact is that, war or no war, the Chinese merchant is a law unto himself, and he goes on trading, even when it is a source of wonder to most people as to how he is managing to continue his desire to do business. The Malay States, with its increasing prosperity in these days of rubber boom, should show an increased demand for Lancashire textiles. In South America, Lancashire has to fight hard to retain her important place as a big supplier of textiles. In Egypt the prospects are favourable, as the cotton crop is satisfactory and the stocks of cotton goods are low in quantity. Even the United States tariff, high though it is, has not proved too high for the quality of our productions, and we have done and are still likely to do a satisfactory trade with the States.

"In the British Empire markets, which are one of our chief mainstays, the textile trade can look forward to a satisfactory increase. Most people

are prepared to make a special effort to develop trade within the Empire, and whatever setbacks there may be, there is a complete reciprocity of interest and good feeling which must help to stimulate our Colonial trading relations.

"I have mentioned the possibilities of many of our important markets, but to my mind our prospects for 1926 depend largely on ourselves. We need to be enterprising and to be up and doing. We cannot afford to make a hobby of self-depreciation. In some instances drastic remedies may be necessary. The dead-weight of over capitalization may have to be thrown overboard in some concerns, unpleasant as the process may be. The psychological effect of inflated capital, upon all associated with such concerns, is a serious handicap toward success to say nothing of the economic disability, which makes even partial prosperity almost impossible. However, I only bring this question forward to emphasize the essential need of sound mill finance and sound mill management. The artificial silk development is likely to play an important part in this year's textile trade, and I am confident myself, that the cotton trade stands to gain enormously by this new subsidiary industry. It is likely to open the door to a big development of the new textile combined with cotton cloth, and it would be difficult to exaggerate the possibilities in that direction."

I have quoted the last paragraph of Sir Edwin's remarks, because they give the key to some

interesting facts. The first is that a considerable number of mills are so head over heels in debt, that it is difficult to see any way out, aside from drastic re-organization and cutting of losses. In this merry job the banks will have to take their share of the crow pie. The over-capitalization of which Sir Edwin speaks, is the result of a widespread movement during the post-war boom to capitalize mill properties at the bloated values then prevailing. It is true that many of them cannot possibly make money on their present capitalized values, but at the same time it is doubtful whether many of the mills could be replaced at this time for much less than their present capitalized values.

It is obvious to me, familiar with the methods of American big business, that the British, with all their many admitted virtues, have not the capacity for large-scale organization which has proved so successful in the United States. They are an individualistic race, family feeling is strong, suspicion of the motives and integrity of competitors is the rule, and the advantages of co-operation and team work are but dimly comprehended. The processes and costs of each mill are regarded as precious secrets and if you were to ask a British manufacturer what the net cost of producing a certain article was, he would look at you in startled amazement. It simply isn't done.

A tremendous drawback to effective business organization in England, is the habit of asking

who you are, as opposed to the American inquiry as to what you are. In England the fact that you are the husband of the daughter of the managing director is apt to mean more than the fact that you have discovered a new process for smelting steel that cuts a quarter off the price of production. I came across a case of this sort in the North of England. Several plants had been brought together into a small combine to turn out a certain steel product. In the re-organization it was announced that so-and-so would come to manage one of the plants. He had never been heard of, and the subordinates at the plant wondered where he had acquired the difficult technical experience needed to keep things going smoothly in this particular industry. It quickly developed, that he had never seen the inside of an industrial plant before, and had been given the appointment because he happened to be the son-in-law of a capitalist who had put a large sum into the re-organization. The losses of that particular plant during his year of control, nearly 'wrecked' the whole enterprise. Imagine a Superintendent being appointed to run a steel mill for the United States Steel Corporation because he happened to be related to a large stockholder !

It seems to me that a remarkable opportunity exists in Lancashire for the brains and ability of two such men as the late J. P. Morgan and John W. Gates. Conditions making possible a successful combination of the more efficient cotton mills

are obviously better than were conditions in the United States when Morgan put together the Steel Corporation. Shareholders have in many cases been without any dividends or only in receipt of small earnings for years, debenture holders have been dubious about the security of their principal, the banks would like to see the colour of some of their money again, and a general atmosphere seems to me to exist which gives a remarkable opportunity to an organizing genius with sufficient resources behind him.

If the most efficient mills could thus be gathered into a unit managed on American lines, with nobody caring a tinker's damn who anybody else's father was or what his social position is, they would set a pace that no industry in the world could surpass. The plant is all there. Technical knowledge is to be had in abundance; reputation of goods is such that scarcely any industry compares in that particular, and the selling organization is adequate. All that is lacking is imagination, but there are times when that is saying that the body looks resigned and peaceful and all that is needed is life.

I have gone rather extensively into the cotton manufacturing industry because it is to such a great extent the bellwether of British trade. When Lancashire is busy and prosperous it means that great credits are being created throughout the world in the names of British owners, either to be converted into imports of more raw materials and

of food or to take the form of additional foreign investments.

The future of Lancashire can hardly be in doubt. The leaders of the cotton industry are sanguine that they are on the eve of better times and after talking with many of them and giving as careful study to the matter as I can, I believe they are right. There is a stick-to-it-iveness in the British character which proves its worth in such situations as that which has confronted cotton during the past four years. Most people who have the ability and the guts to stick through thick and thin usually win out and it is this that is pulling Lancashire through. This trait in the British character sometimes resolves itself into a stubborn determination to sell goods designed after models which pleased the Prince Consort in 1851, but conditions in the cotton trade have prevented a handicap of that sort from coming into operation.

CHAPTER VI

THE BRITISH BUSINESS MAN AND THE BALDWIN GOVERNMENT

ONE of the subjects which I was most interested in investigating during my trip through the industrial sections of Great Britain was to try and obtain a true picture of what the average business man thinks of the Government. I cannot say that the result surprised me much, or that it was much different from what I should have expected to find; nevertheless, I was amazed at the general agreement which seemed to exist among them on this point.

Their general feeling may be summed up as not so much one of anger as of profound disappointment. They feel, to use an American term, that they have been stung. It is rarely in the history of British politics that a Government comes into office with such a tremendous majority as the present one. After a short, and it must be admitted, comparatively innocuous period of a Labour Government, the business community seized the opportunity afforded to get behind the Conservative party and place it firmly in charge of things again. After the vacillations and inconsistencies of Lloyd George and the Coalition Government, it was felt that the opportunity had presented itself to get an old-time British Government again, one that would take its cue first of all from the economic needs of the country and would

depend entirely in the future, as in pre-Lloyd George times, for the manufacturing and exporting superiority of England to assure it a return of prosperity.

That these expectations have been far from realized any child in Britain well knows. The Baldwin Government has continued to truckle to the labour unions and the greatest single bar to genuine prosperity for the country has continued to hamstring the industry and trade of the country just as it did in the two former Governments. I refer, of course, to the national policy which allows the trade unions and certain, although not all, of their leaders to play the dog in the manger and to refuse the free play of those elementary economic forces which alone can bring about renewed business activity.

The industrial leaders of the country realize that if they are to compete with other countries, their basic conditions must be on at least a reasonable approach to level with other countries. As it is, the trade unions secured certain hard and fast laws, such for instance as the seven-hour day in the coal mines, which they refuse to modify in spite of the fact that all of the conditions are now different from the time when these trade union restrictions came into force. Another vicious angle of the system is what is called the Peaceful Picketing Act. Strikers are allowed to picket a plant and may "persuade" other men from taking jobs offered.

Theoretically a man who wants to work may do so and receive police protection. Actually, he doesn't dare to do any such thing. The policemen who are supposed to protect those who want to work have families living in the same general neighbourhoods with the strikers, and they would be more than human if they were willing to risk injury to their women and children from strikers or their wives. The result is that when a strike is declared, the owner of the mine, factory, mill, or whatever it is, has no recourse except to close down and hope for the best in negotiations conducted in the main by labour leaders whose interest is to have unrest and trouble rather than industrial peace and co-operation.

There was a wide-spread feeling among the business men with whom I talked, that the individual members of the Cabinet are not big enough for their jobs. I asked many times who would be better equipped for the Cabinet than the men who are in it, and I must say that with the exception of one or two isolated instances, none of them had any constructive suggestions to offer. There is a widely held feeling that the Chancellor of the Exchequer, Winston Churchill, himself half American, is too brilliant and flighty for the difficult job of seeing the country's finances through the crucial period of the return to the gold standard, and the general re-adjustment to post-war conditions.

The Prime Minister is greatly respected per-

sonally, but he seems to be afflicted with a hesitancy and a refusal to make decisions, that is deadly in such a period of the world's history as this. Everyone agrees that he is a man of the highest personal character and ideals, but the situation is felt to call at the moment for something in addition to this. One man in discussing the Prime Minister took from his desk a newspaper editorial in which Mr. Baldwin was commended for having kept up his classical knowledge during all the years since he has left college.

"That's very nice to be able to do that," said he, "but how can a man on whom the Government of Great Britain rests, find time for such a thing. We are no longer living in an easy Victorian age. I would like to keep up a lot of personal interests too, but it takes every waking hour to keep this factory going and provide work for the men whose families are dependent upon it for their livelihood." Whatever logic there may or may not be in such an attitude of mind, it is certainly understandable.

Then too, there is a profound distrust of the Foreign Secretary, Sir Austen Chamberlain. His Francophil tendencies are constant sources of alarm to British business men, and in fact, to most British people. There is a constant undercurrent of uneasiness that Sir Austen will get the country into some commitments on the Continent, which would be disastrous for the country's economic interests, if indeed, he has not already

done so. Germany was the best of all Great Britain's customers before the war, and the business community would like to see events in Germany get so straightened out, that the Germans would again come into the British market. Instead of that, ever since the Armistice, they have seen the French put into effect a series of measures, some petty, some otherwise, which have disheartened and hamstrung German industry, with direct damage to Britain's post-war recuperation.

It is felt that Sir Austen has watched these proceedings with too tolerant an eye, and has refrained from throwing the power of British prestige into channels which would curb the French and allow the Germans to get on their feet. Mr. Baldwin shares the blame for this in the public mind, because without his tacit consent Sir Austen couldn't operate the Foreign Office along the lines he has done. The final straw has been the feeling on the part of the public, as this is written, that Sir Austen has entered into secret arrangements with the French to counteract the entrance of Germany into a permanent seat on the Council of the League of Nations by also allowing Poland to enter at the same time. The constant repetition of such incidents as this irritate the country, and prevent that steady forging ahead that is necessary if trade is to be rehabilitated.

Another source of unrest lies in the failure to bring about true economy in the Government.

Taxation in Great Britain can be described by no other word than "ferocious" and the strain which the present scale of charges places upon industry is little short of throttling. When the present Chancellor was about to bring in his first Budget, there was a general expectation that he would be found to have justified his more or less widespread reputation as a magician and would electrify the country with the announcement of a reduction in taxation. Instead of the hoped-for reduction, Mr. Churchill's contribution, was a grandiose and extremely costly system of old age and widow's pensions, excellent in themselves, but which from the standpoint of timeliness and economy were about as fitting as would be the purchase of a Rolls-Royce car by a young man contemplating matrimony, and with a mother and seven younger brothers to support.

Next came the coal subsidy. There was a feeling that the situation in the mines had reached a point where nothing but a drastic reorganization of the entire industry would be of any avail. The men's leaders, especially the fire-brand A. J. Cook, refused to listen to any proposition which involved one of the two fundamental necessities of the situation, longer hours or lower wages. The nation faced a calamity in the way of a national strike in the coal fields, but many felt that if the strike had to be gone through with, the sooner it occurred the better. Mr. Baldwin, however, thought otherwise. He and his Chancellor devised a subsidy

for the coal mines which allowed the men to continue receiving their usual wages of recent years. The losses to the owners were made good by the Treasury and have run to about £23,000,000 during the first six months. At this writing nothing has been done except to appoint a Royal Commission to investigate the matter. The mines are producing at a loss and when the subsidy was withdrawn, as promised, on 1st May, the situation remained precisely where it was a year ago.

Another incident, but one of a character which developed irritation on the part of the public far out of proportion to its financial cost, was the casual announcement that, while the Government was asking the heads of all Governmental departments to exercise rigid economy and to save money in every possible way, it was itself planning to spend £200,000 for the construction of public sports grounds for the employees of the Civil Service. This bright idea proved the straw that broke the back of the long-suffering and patient camel of a British taxpayer, and the roar of protest which it evoked rocked the Government in the most decided fashion. The Press and public of all three political parties were a unit regarding the preposterous nature of the Government's suggestion and it was necessary for the Cabinet to make a somewhat ignominious admission of its error and to withdraw it, in spite of the fact that the sports grounds had been definitely promised.

The truth is that the British Government, widely

believed to be a most democratic institution, has grown through the pressure of modern times, the necessities of war time, or through public indifference to be a government by oligarchy rather than by Parliament. The Cabinet is in 99 per. cent. of the cases all powerful, with Parliament acting as nothing but a debating society where the Cabinet await good humouredly or otherwise the explosion of wrath and then the voting of the required authority. A private member of Parliament amounts to about as much in the Government of Great Britain, as a Chicago Alderman does when advising the Senate of the United States. Indeed, so little notice is taken of his importance, that the auditorium of the House of Commons can only accommodate about a third of the members who, theoretically, have a right to a seat at every session. The result is that at the opening of Parliament, or at some particularly important session, certain members who wish to assure themselves of getting seats arrive and stand in line at the door at five o'clock in the morning or earlier, hardly a situation which bears out the belief generally held in other countries about the dignity of the Mother of Parliaments.

What actually happens, is that practically all legislative measures of importance are initiated and pushed through by the Government, that is, by the Cabinet. In the present Government, the Conservative majority—elected by a country which was confident it would bring relief to the pressing

economic problems facing industry—is so large and unwieldly that the Cabinet have hardly any fears of a vote going against them and in consequence are riding a pretty high horse. It is true that the Cabinet Ministers are present at the sessions of the House of Commons and answer questions by members. This is a phase of British practice often commended by critics of the American legislative system. Just the same, it is obvious to an observer who has seen both systems in operation, that ways can always be found in England to avoid answering any question that would embarrass the Cabinet. To tell a member that to answer his question would be repugnant to public policy generally puts a quietus on all except a few radical Labour members.

The difficulty for the voters is that even if they turn out the Baldwin Government they have no place to go. They had a short experience with a Labour Government after the war. They don't want any more of that, although the results were not nearly so bad as one would have expected. Mr. Ramsay MacDonald, who became Prime Minister, is one of the finest characters in British public life, and the responsibilities of high office seem to have at once sobered him into a most careful course of action. His true integrity of purpose were perhaps most clearly shown by his selection of Philip Snowden as Chancellor of the Exchequer. Snowden brought in a well-balanced, sane and workable Budget, a fact which makes the

die-hards blush with mortification when they think of Winston Churchill's first Budget.

The only other place for the voters to turn is to the Liberal party, but this party is burdened with an old man of the sea, in much the same way that the Democratic party in America was handicapped by William Jennings Bryan for many years. I refer, of course, to David Lloyd George. The Liberal party is long on brains, and short on followers. It is small, but not too small to have a dozen inner divisions in its parliamentary group.

Even this might have been overcome and a legislative programme offered to the country that might have weaned it, in its hope of relief, from the Conservative party, but just at that time Lloyd George, with the ineptitude often shown by Bryan when he announced a new "paramount issue," sprung his scheme for the nationalization of land on the country. This was too much for the party of free trade and individualism. The more responsible of the Parliamentary group tried hard to retrieve the error, but when Lord Oxford, with a lack of understanding of practical politics which seems very puzzling to an outsider trying to unravel the complexities of Liberal politics, failed to take a stand against Lloyd George, such men as Sir Alfred Mond, Sir Max Muspratt, Hilton Young and several others left the party.

No doubt the dissatisfaction of the business community with the Government, a dissatisfaction

we have often and with less reason seen in the United States, is due to the overwhelming necessity in Great Britain of establishing a real entente between the Government and the trade of the country. Great Britain literally depends for its life, not alone its economic prosperity but the actual lives and stomachs of its people, on favourable conditions of doing business throughout the world. In pre-war days the policies of the Government, although they were always closely watched by the business community, were of far less importance than they are to-day. Taxes, although no doubt thought to be high, were absurdly inconsequential, when we compare them with the frightful burden of to-day. It is on the actual heads of business houses, particularly manufacturers, that the first and most obvious weight of this heavy load falls, and it is not surprising that they resent tactics and policies on the part of the Government which are promulgated for any purpose other than reduction of this load.

Another difficulty is that the war put the Government into business, and when you once let a bureaucrat get his head in the feed bag, it is the devil's own job to get him out. There are a multiplicity of forms, returns, reports to be filled in, all of which take time and money, and the great majority of which were unknown prior to 1914. In pre-war days, Great Britain was a country blessed with a minimum of Government,

a happy period to which the business community looks back with longing and regret.

To return to the personnel of the Cabinet for a moment. A business man with whom I was talking, said to me, " You are a newspaper man, and it ought to be your business to know a good deal about those who are running the Government. How many members of the present Cabinet can you name ? " I thought that would be an easy question to answer, and started off bravely enough. I named Baldwin, Sir Austen Chamberlain, his brother Neville Chamberlain, both of whom by the way, are sons of the late Joseph Chamberlain, Winston Churchill, Joynson-Hicks who as Home Secretary fills a position for Great Britain somewhat analogous to the Mayor and Police Commissioner in New York, and who is eternally warring with the more liberal element who want to make London a city of joy and light, instead of gloom and early Victorian morality. Then, to my own mortification, I was stuck and could name no more. Later I looked the matter up in Whitaker's which is a sort of World Almanac for Great Britain, and found there were in all nineteen members. Considering that I read the papers carefully every day and may fairly claim to have at least normal intelligence, I couldn't help but feel that my English friend was right when he criticized a Cabinet, the personnel of which was so mediocre that one can't remember their names. And yet it is only fair to remember that such

criticisms are made by people who rarely have any improvements to suggest.

It seems to me, as an innocent bystander who saw the United States descend into the terrific gloom of the post-war depression, and then quickly recover from it by stern and sometimes desperate expedients, that Great Britain has got to take some energetic measures if business activity is to be restored. A country no more than an individual can live on its past achievements. Other countries, which formerly bought their manufactured goods from Britain are now supplying their wants at home, and even looking for markets abroad. It is certainly a large question whether England, depending as it does on coal for the prosperity of so many other industries, can survive economically if coal miners receive high wages for working seven hours a day in the face of competition from countries where hours are longer, wages lower and production per miner much higher.

It is hard to believe that there can be any real expansion of British industry and world trade, unless the business community has confidence in the Government. To engage in large business enterprises means the laying out of large sums of money for many months in advance. Few men are willing to do this if there is an uneasy feeling at the back of their minds that some erratic move may unbalance trade and make the realization of profits impossible. That such a feeling exists to some

extent to-day, cannot be doubted. It will only be through the assertion of definitely constructive policies and the dropping of the present policy of drift, in my judgment, that the confidence necessary to new enterprises and a reassertion of the old time British spirit of adventuring will be aroused.

CHAPTER VII

THE LESSONS IN "THE SECRET OF HIGH WAGES"

THAT certain elements in Great Britain are keenly aware of the industrial condition in which the nation finds itself after endeavouring to extricate itself from the post-war depression for six years without any conspicuous success is very apparent. The better class periodicals contain thousands upon thousands of words of generally wise study of the whole situation, although there is often a typically British habit of ignoring the first great premise in a subject, and then going on to argue and draw conclusions from minor premises.

At the moment, the most illuminating sign of the times is the tremendous interest taken in a short and extremely well-written book called *The Secret of High Wages*, by two young British engineers, Mr. Bertram Austin and Mr. W. Francis Lloyd. These men went to the United States some months ago, and visited a considerable number of the most successful American manufacturing establishments, paying particular attention to the development of those methods of high-pressure mass production which first were invented, and have reached their highest stage of development in the Ford group.

These writers, although already well informed concerning British and Continental industrial

methods, were frankly amazed at what they saw in America. They have written a book well calculated to shock the British manufacturer, worker and particularly the labour leader, into a realization of what he is up against if he expects to regain his lost markets, and to maintain his place against modern methods of large scale production.

But it is obvious to the informed reader, that the very things which have led to success in America are those most lacking in British industry. The writers show that in America, everything and everybody unable to prove efficiency is ruthlessly and relentlessly scrapped. American industry represents, in the most complete degree, the survival of the fittest, whether in executive, skilled and manual labour or in machines. The almost total absence in America of businesses handed down from father to son, or from father to an incompetent son-in-law by way of a daughter, the lack of situations where generations of the same family have been connected with the same industrial enterprise, in short, the common use of the single test of reward solely by results, has given America its present industrial lead. Coupled with this is the American characteristic of "trying anything once".

In Great Britain, on the other hand, a totally different situation exists, and it seems to be given hardly adequate attention in *The Secret of High Wages*. The British system has the natural and

inevitable tendency of preserving and putting a premium on inefficiency. It also has the opposite effect of driving out the really efficient man who is anxious to do as much work as he can, and who despises the labour union and other restrictions on individual enterprise. For proof of the above, witness the thousands of applications on file at American consulates all over England, Scotland and Northern Ireland, largely of skilled workers who want to get to the United States and work at their trades in that industrially free country, whatever may be said about the present and temporary restrictions on personal life.

The ship-yard owners on the Clyde and the Tyne will tell you that their best men are leaving for America. This is due to two causes, the desire to better their condition in America, and the fact that the rapidly increasing immigration of the Irish into Scotland is driving the Scots out of their own country. The Irish are willing to work for a wage that the Scots think inadequate, and under the unhappy condition prevailing, the Irish get the jobs. The latter, however, seek every means to get out of the so-called "unsheltered" occupations and to get into the "sheltered" trades, where wages go on in spite of what industrial conditions may be.

The writers of this book pay close attention to what the average American must think is the worst flaw in the entire British industrial system. The truth is, and it is one of the first facts which

impress themselves on the mind of a visitor from a democratic country, that there is more caste in England than in India. It is pretty much the rule that once a worker, always a worker. The gulf in factories and industrial enterprises of all kinds between the directing class and the working class is vast and seldom bridged. This system kills whatever spirit a working man of initiative and ideals may have, makes him a plodding, hopeless creature, more likely to look to the Government and his trade union restrictions for his safety than to depend on himself.

It would seem to an American, that it would be a very good thing to buy a lot of histories of the United States Steel Corporation, the Standard Oil Company, the International Harvester Company, the American Telephone and Telegraph Company, and a few of the great American railroads, especially the Great Northern, and to distribute them both to British industrial leaders and workers. Both groups would be amazed at the way in which every one of the institutions mentioned was built and developed by men who had no more social status than Abraham Lincoln. Most of them were born in poverty or the simplest means at best, and in Great Britain would in all probability have remained at the foot of the industrial ladder from the cradle to the grave.

It ought to be especially galling to the British, that a very large part of the huge American

industrial machine has been built up by men who themselves escaped, or had the good fortune to have parents who escaped, from the restricted environment of Great Britain. Andrew Carnegie comes to mind as the most obvious example of this sort of thing.

Mention of Carnegie recalls another fundamental difference between American and British industrial methods. The American method is to use up and replace plant, the British method is to coddle and save plant. So much is this a part of the ingrained national character that an industrial enterprise is only allowed to charge off something like eight per cent. a year for depreciation in calculating income tax, a system which would have kept the great industrial concerns of America in their infancy of half a century ago. I remember a story about the lining of a steel furnace. It has a life of so many hours or tons. Carnegie once found a British foreman carefully coddling and watching the furnace to make the lining last as long as possible, as he had been taught to do in the British steel mill where he learned his trade. When he found what the foreman was doing, Carnegie said, "Look here, that furnace lining is good for just so much steel. See that you get the steel through it just as fast as you can, and then we'll get a new lining and repeat the same performance." It is not recorded what the foreman thought, but the incident illustrates why Carnegie's plants went on producing steel at an ever-

increasing rate and an ever-decreasing cost of production per ton.

The authors of *The Secret of High Wages* rightly devote great emphasis to the unlimited payments by results, in other words, the piece-work system, in the United States as contrasted with Great Britain. The British worker, incited thereto by his union leaders, stubbornly and generally successfully opposes the introduction of the piece-work system. The authors show what has happened in America, and what presumably could be accomplished in Great Britain, if every man were, in effect, working for himself, and striving to achieve the highest possible individual output. Figures taken from the last report of the United States Department of Commerce, should certainly give all British employers, workers and government officials, who are anxious for the success of their country, something to think about.

The figures quoted are from the Department of Labour index of the movement of wages and prices from 1920 to 1925, using the 1913 levels as the unit of 100. The price percentages represent the average wholesale prices of all commodities :—

Year	Wage Rates		Prices
1920	..	199	.. 226
1921	..	205	.. 147
1922	..	193	.. 149
1923	..	211	.. 154
1924	..	228	.. 150

The same figures for Great Britain, when contrasted with the American figures, are amazing. They are given as follows :—

Year	Wage Rates		Prices
1920	..	230	.. 283
1921	..	260	.. 181
1922	..	200	.. 159
1923	..	170	.. 162
1924	..	170	.. 174

Thus it will be evident that while in the United States wages go up as prices go down, in Great Britain wages are coming down while prices are going up. Inasmuch as it is every country's ability to maintain production in reasonable accordance with the world price level that the hope of survival lies, it is hard to see just where the British manufacturer, doing business in a free trade country but selling in countries practically every one of which has put up a tariff barrier against him, really gets off.

It is pointed out with telling effectiveness by the writers of this book that a great deal can be done for British industry by increasing the buying power of the British worker, just as it has been the increased buying power of the American working man which has led to such tremendous sales of the cheaper automobiles, radio outfits, washing machines, better furniture, building materials for homes and so on down the long and mutually intertwined list. It is pointed out, for

instance, that if the average purchasing power of the millions in India, who still turn to Britain for most of their imported goods, were to be increased only one rupee per head, the increased goods they could buy would amount to £23,000,000 a year, which is the 'exact amount the coal subsidy has cost the British.

Another point which is well made in this book is the fact that agreements which bind wages to a sliding scale depending upon the level of commodity prices are a bar to progress because they tend to stabilize the standard of living, and in the case of England, at least, this standard in the past has been a decidedly low one for the average worker. The point is an important one because in certain British industries, notably in the iron and steel trade, the sliding scale arrangement now obtains. It simply means that when bread goes up the worker gets more, when it goes down he gets less, keeping him pegged at the precise point which obtained when the agreement was made. On its face the sliding scale at first seemed to have much to commend it, but American experience has demonstrated pretty thoroughly that as a sound economic device it has great drawbacks.

Of course, the successful operation of the piece-work system requires the co-operation not only of the men, in whose interest it should normally lie, but in having an enlightened policy and outlook on the part of the employers. Many British

workers say that when the piece-work plan has been tried in England the good men have been penalized by having their rate cut down to a point where no matter how hard they worked they were scarcely any better off than the worker who gets paid by the hour. If there is truth in that accusation it is certainly a damning one and one that ought to be thoroughly investigated. Certainly in modern England the standard of economic intelligence among employers must have reached a point where a very large number of them would be too wise to attempt the despoilation of their workmen in such a way as is assumed in the above-mentioned accusation.

Another point brought out is the free exchange of new ideas and new processes so common in America. In the United States it is so universally the custom to have a trade association for every industry, no matter how small, that it is something of a shock to learn that in Great Britain the exchange of trade information is practically unknown and fills the average British manufacturer with horror. He views his competitors more as a general views his opponents on the field of battle, than as laboratories in which methods may be discovered or achieved by which the entire progress of the industry may be accelerated.

This point was forcibly brought home to me in a somewhat embarrassing way while in the Birmingham iron and steel district. The group of steel men with whom I was talking, had been

discussing their industry in the most general terms, when the talk swung to a certain order for steel rails which had been lost in competitive, international bidding. With the impetuosity that often causes pained surprise in European conversations in which Americans take part, I at once asked why they didn't get together, find out which one could make these particular rails at the lowest cost, and then co-operate in their various plants to make whatever could be got out of the order. At first I didn't notice the freezing atmosphere that was rapidly developing and rushed on with the question, "Which of you put in the lowest bid?" The result was almost agonizing. I don't know whether they considered me the agent of an American steel combine anxious to penetrate their secrets, or a Bolshevick of some sort trying to break down the traditional reserve with which they hedged their businesses about, but anyway they excused themselves and departed with no delay.

No one can travel through industrial England, watching the manner in which work is done, without being convinced that a tremendous advantage would be reaped in the great majority of the plants if a free, unselfish and intelligent exchange of ideas could be arranged. As the writers of *The Secret of High Wages* point out, it is illogical to believe that there is any sound reason for an average production of coal per day of $17\frac{1}{2}$ cwts., less than a ton, when a Scottish

colliery, working with a seam only 18 inches thick, is able to produce eight tons per man.

It is in the building trades of London that the average visitor gets his most appalling illustration of how things ought not to be done. I have been in England long enough and have had enough opportunities to observe building operations in all stages, including excavation of new sites, razing of buildings and the construction of new ones. The latter two operations are the most interesting or perhaps it would be more accurate to say the most aggravating.

When it is desired to raze a building, the normal American way of constructing a sluice into which the debris is shovelled as soon as it is dislodged, thus avoiding more than one handling by manual labour, is never followed, so far as I have been able to discover. Instead the favourite system seems to be to hurl the accumulated stone, bricks and mortar into the basement of the building by gravity, after which it is slowly and laboriously carried up a ladder to the street, and then up another ladder to be dumped into a small one-horse cart with a capacity of certainly not more than one cubic yard. The labourer carries the basket of debris, averaging, I should say, half a bushel per trip, on his shoulder.

It is the same way in unloading building materials. If a wagon load of cement in sacks is to be delivered, the operation will require at least five men. There will be two men on the

wagon, one of whom will have a hand truck to assist in getting the sacks to the tailboard, after which the three on the pavement will negotiate its passage to the place it is wanted.

Many Englishmen are aware of the wastefulness of these methods, but through many years of constantly being used to them they have become hardened and are not prone to try and correct them. The contractors, whom one would expect to be on the look-out for better ways, have long since discovered that the labour unions are too much for them. The contractor therefore simply allows in his estimates for the horde of excessive and duplicate labour he will need on the job and charges the whole matter up to the owner. In view of this it is slight wonder that there is a huge shortage of houses in both England and Scotland, and that many thousands of poor families are living under conditions no human beings should have to submit to. The truth is that as in most labour wars the real war is against other members of the labouring classes, so in Britain the hoggish selfishness of the building trades unions has reacted most against other members of their own class. God may have loved the common people, as Lincoln said, but He certainly didn't endow them with much consideration for each other.

A story related by a man building a house in a Manchester suburb illustrates the unfathomable character of the working-class mind. The owner visited the scene of operations to see how things

were getting on. Two workmen were carrying sewer pipes from where they had been dumped in the street to the back of the house. The owner noticed that on each trip one man carried two pipes, the other only one. He said to the latter, "Hey, why are you carrying only one pipe when your partner is carrying two?" With a look of supreme disgust the man replied, "Him? Huh! He's too damned lazy to make the trip twice." If space allowed such stories could be multiplied without end, but they would all leave the reader in bewilderment as to just what, if anything, goes on behind the mind of a man who thinks that by stretching out the job or by requiring two men to do one man's work, he is helping his own class.

In America, our greatest weakness lies in the expensiveness of our distribution system, a fact of which we ourselves are of course cognizant and which the authors of *The Secret of High Wages* have investigated. But they find that in England this evil is much more aggravated than in America, largely because of the multiplicity of small and uneconomic dealers. They say that nine small coal dealers often sell coal in a district which could be handled by two and that the average amount of coal ordered by coal merchants is only four tons. Not consumers, mind you, but coal merchants. How this must raise the cost to the consumer is obvious. The system of delivering all coal in sacks, which are unloaded by being

placed on the backs of men and carried to the coal hole, also amazes Americans.

Readers who wish to follow the processes by which many British industries, and especially the cotton textile and shipping industries, have got themselves tied up in a knot with their banks, a knot which the banks will in the long run have to cut with a knife rather than to try any other system of unravelment, will find an excellent description of them in *The Secret of High Wages*. I have referred to these matters in another chapter, and they make rather strong criticism of the British banking system. It has always been said sneeringly by European bankers, that the American banking system was a fair-weather system, but it is doubtful whether the affairs of the post-war years have not proved that as between the American and British systems it is the American system that has stood the test best.

This interesting little book I have been discussing, was written, despite its title, to try and point out a way to British manufacturers by which they could bring down the cost of their goods and thus recapture lost markets all over the world. There is a certain quality market in which British goods are supreme, and where they will in all probability continue to hold the lead, but the world demand for quality goods is not big enough to keep the huge British industrial machine at work turning them out. Prices of common articles, the things made in Germany, Belgium,

France, Italy, Japan and to some extent even in the United States, must be reduced, and reduced on a considerable scale.

The authors of this book come to the conclusion that the way prices can best be reduced, is by raising wages. They make out a good case for their contention, but they tend to under-estimate the effort that will be required to break down the wide-spread system which has been built up over many years, but especially since the beginning of Lloyd George's mixing in British public life, of protecting the inefficient and the incompetent against the competition of the efficient, hard-working man who would otherwise vanquish him. On the whole, their conclusions tend more to criticize the employers than the workers. That is as it should be; if the employers relegate all intelligence, all leading, all justice, and almost omniscience to themselves, they should be willing to take the lead in finding an equitable way out of the present dilemma, and that quickly.

One of the contentions of the engineers who wrote the book, is that the public demand for an article can be almost unceasingly stimulated if the price can be lowered enough. This contention has been seized upon by certain English critics, who deny its accuracy. The nature of the criticism is charmingly typical; it seems to imply a simplicity of desires on the part of the lower classes that will make them immune from the wish to have a bath-tub, an automobile, a radio,

or a home of their own whether the price is low or not.

There was a time when that theory had some currency in America, but it is one of the many shibboleths that have been thrown overboard as time has shown them to be false. Even to-day in the United States, less than a third of the homes are wired for electric light and electric appliances, yet who would be fool enough to say that at least 95 per cent. of the people do not hope to have this convenience in their homes some day? If the general average of autos, pianos, washing-machines and vacuum cleaners, modern refrigerators and other adjuncts to civilized life is still actually low in America, as the figures unquestionably show, how much greater is the contrast in England, on the Continent and throughout the world !

The truth is that the consumptive capacity of the world is less known than any other single important fact about it. We know more about the canals on Mars and the extinct volcanoes on the Moon than we know about what goods the world would buy if a well-balanced system could be worked out by which production could be cheapened and simplified, incomes increased, and all economic losses such as war, disease, unscientific tariffs, etc., wiped out.

There may be such a thing as a saturation point for the commodities, comforts and luxuries the world wants, but if so, it awaits the millennium. It certainly will not happen within any period

concerning which the grandchildren or great grandchildren of anyone now alive will be remotely interested. World demand for goods is simply a matter of better machinery for getting the goods to the people who want them, and devising a system by which they can obtain the wherewithal to pay. Some form of this idea lies at the back of most socialistic ideas, the only difficulty is that the socialist puts the cart before the horse, and would have consumption begin before production, or distribution, had been perfected. If anything can be accepted as definitely settled in this world, it is that capitalism in some form or other, that is, the guarantee of individual rewards for individual efforts and sacrifices will be the system by which a higher standard of living and an all round happier world will be brought into being.

Another point brought with a heaviness evidently intended to be very impressive against this interesting little book is that it would be unwise to follow American industrial antecedents too far because of the mental differences between the American and British workman. Brushing aside the fact that the Britisher who has the guts and the initiative to emigrate and settle in the United States becomes one of the best liked and most reliable workman we have, the critic in question says that the only result of high wages in Great Britain would be to induce the workers to take longer holidays. In other words, he ought not to be paid as much as he can earn, but,

presumably in his own good, should be underpaid in order that he may have to keep his nose on the grindstone all the time.

Of all the fatuous arguments, the last-named certainly takes the cake. The critic says that this danger is not known in America, because Americans are so money-mad that they will keep on dollar chasing just for the sake of the dollar, no matter how many they make. It would be a refreshing experience for the critic in question if he could visit the holiday spots of America, say our great National Parks, during the summer months, and see the strings of thousands of cars, loaded with wage-earners and their families, taking holidays that last as long as they like, putting tan and health into children's cheeks, and freshness and cleanness into the minds of children and adults alike. Such wage-earners are too busy watching the car ahead, which probably contains the family of a neighbour wage-earner from the same home-town, to have much time to cogitate on the rights of the proletariat or that allegedly blessed day when the "machinery of production will be taken over and run by its real owners, the workers," according to the latest reports from Moscow.

Finally, this critic comes to what he considers his knockout argument. To any American it will be thought the argument that knocks the critic out. He says that American experience cannot be relied on in Great Britain because of the greater

density of population, a queer argument indeed. He says that England is more thickly populated than Belgium, twice as thickly populated as Germany or Italy, four times as thickly populated as France and twenty times as thickly populated as the United States.

An American manufacturer, whose hair has probably turned grey trying to cover a market millions of miles wide and to whom long-distance freight-rates are a nightmare, would probably say, "Golly, what a market to have right at your door!" Here are about 47,000,000 souls, the vast majority without the comforts and a still vaster majority without the luxuries of life, all within a space that could be lost in several American States, and yet this fact is held up as a trade difficulty and a reason for not following American experience.

Nothing is more amazing than the way in which one want begets another. Give a man a Ford and he wants a Buick, give him a Buick and he is unhappy until he gets a Rolls-Royce. Illogical, maybe; but whether logical or not, employment has been given to the workers in three motor-car factories with purchases of supplies running back into half the countries of the world, while two second-hand cars have come on the market to start two new owners, who perhaps couldn't afford the price of a new car, as purchasers of tyres, gasoline and incidentals.

Much has been written about the war debts, and

the statement has been freely made that their payment would lower the standard of living in Europe for three generations. As an economic proposition it is realized in America that this is utterly false. If a condition of affairs can be brought about, more by continued peace perhaps than by any other cause, and if the workers of England will co-operate with the employers as they do in America and as they do, as a matter of fact, in several European countries, so much wealth will be produced that the total sums of the war debts will in a few years appear paltry. The United States thought at the end of the Civil War that it had been burdened with a war debt that would endure for centuries. As a matter of fact, everybody turned in and went to work and the debt was wiped out in the course of a few years. The British Empire to-day has just as great resources as the United States had then, and infinitely better facilities, both mechanical, social, financial and hygienic for converting them into wealth for its people.

The war debts will not lower the standards of living, but accepted as challenges to bring about improved methods, lowered costs, quicker development of backward countries and the stimulation of enterprise generally, they will be worth all they cost. Whether they will be of equal benefit to the United States is a matter that need not concern us here, but unless they are made the subterfuge for war they won't hurt Europe.

CHAPTER VIII

INDUSTRIAL SALVATION FOR ENGLAND THROUGH LOW-TEMPERATURE DISTILLATION OF COAL

ENGLAND'S industrial life has been built on coal and export coal has been the very life blood of the world wide carrying trade in British hands. The mercantile decline of the country and the decline of prosperity in the coal industry have gone together in most striking fashion. Many reasons have accounted for the decline in coal. Higher production expenses in England and Wales have made it more profitable for foreign buyers to go to other sources for their coal; the decline in industrial activity in other countries has lessened demand; in Italy, formerly a large consumer of British coal, the development of water-power has rendered the further importation of coal largely unnecessary; Germany has altered freight rates from the Ruhr to the Baltic ports to favour German coal; all these and many others have put the British coal trade in a precarious state.

Now, after a long period of depression, there is good reason for believing that the sun of prosperity will rise again in the coal industry. If it does, it will be the greatest single fact of importance in restoring Britain to its former place as a competitor for contracts for manufactured goods all over the world.

The hope of better things comes from the virtually acknowledged success of research

chemists in discovering an economic method for utilizing the nation's coal resources through a process of low-temperature distillation. Many experts have been working on this problem, but the most successful is believed to be the one known as the L & N process, which, in a test plant, has passed every test prescribed by scientists, mine owners, oil company representatives and distributors of gas and electricity.

By means of the new process it is claimed, and authoritatively upheld, that more coal will be mined for producing oil by the new process ; a smokeless fuel will be available for use by households, steamships, locomotives and factories ; gas for domestic or commercial use will be produced at greatly reduced prices, thereby stimulating the demand for it ; electrical energy will be created from coal at a figure comparing favourably with the results of water power companies ; there will be much employment in the subsidiary industries, which will find profitable use for the by-products which the new process will make available. All these claims have been checked and verified, to a greater or less degree, by experts in the various lines.

The important point in the new process, is that it uses coal of a quality which otherwise would largely go to waste. There are enormous stocks of such fuel already on the surface in mine dumps, etc., while it is now so unprofitable to mine it, that from 25 to 30 per cent. of the available coal is

left in the mines. It is claimed that from a ton of this low-grade coal, can be obtained 5,500 cubic feet of gas, 12 cwt. of smokeless fuel, and 18 gallons of oil. From the latter is obtained 1.8 gallons of spirit, 1.9 gallons of burning oil, 3.1 gallons of lubricating oil, 5.3 gallons of phenols and creosols, 3 pounds of paraffin wax, and 25 pounds of pitch and coke.

A description of the actual working of the process says that "the coal is continuously fed into a slowly revolving inclined retort, fed at the top end and travelling slowly downward toward an automatically controlled exit, which is arranged to form the air-lock allowing the residue to be discharged after cooling into the outside air. A hot distilling medium enters the lower end and travels in an opposite direction to and in direct contact with the material being treated, which is gradually and evenly heated up to the proper temperature. The distilling medium finally escapes, carrying the permanent gases and condensable matters evolved from the carbonaceous materials. Heat is thus applied inside the retort, instead of outside, as in most systems of low temperature processes."

It is believed that by a wide utilization of this new process, tremendous savings can be made. These savings will be especially important to the iron and steel trade of Great Britain. To-day the cost of coal makes a most serious item for the iron maker, but if his costs can be reduced by £1

per ton, as claimed under the new process, he may reasonably hope to get many orders now going to Continental countries.

The new system is of particular efficiency, in that it would be established directly at the pit head, eliminating the high cost of transport. When it is remembered that coal in England is hauled about the country in freight cars having a capacity of 8 to 10 tons, compared with the American sizes going up to 100 tons, it will be seen that this saving is a most important one. One of the largest items in the import statistics of the country is the import of fuel oil, and gasoline. If this product could be produced in England, it would be of tremendous importance to the nation's trade balance. It is estimated that the construction of an oil-burning or a motor ship, or the conversion of a coal burning ship into an oil burner throws 40 British coal miners permanently out of work. The new system would retrieve these jobs, and many more besides.

There has always been a ridiculous and suicidal conflict in England between the gas interests, and the electrical interests. If the energy each side has spent in fighting the other had been expended in improving the industry and teaching the people the benefits that lie in the use of both products a great benefit would have resulted, but the two groups have preferred to fight. The haphazard way in which the electrical industry has developed is clearly shown by the multiplicity

of voltages in different parts of the country and in different sections of the same city.

In London if you move across the street and wish to take your electric light globes with you, you must first find out whether the voltage used is the same you have been using. I have lived in four hotels in London, and as I refuse to waste my already poor eyesight on the dim lights provided by hotel-keepers, I buy stronger lights at my own expense. Every time I have moved I have had to discard the old lights and buy new ones, in spite of the fact that I have always lived within a radius of about a square mile. The Government is now making a very strong effort to bring order out of this abominable chaos and to institute a nation-wide plan for electrical development, but it is being fought hand and nail, by the vested interests involved.

By the way, a book could and ought to be written about those sacred words "vested interests." Mesopotamia may be a blessed word, but it never received a tenth of the reverence paid in England to vested interests. Every improvement, every suggestion for a more efficient development of the country's resources, every proposal for a badly needed street widening or the building of an arterial road, a suggestion for unifying the country's power plants and scrapping wasteful local plants, in short, everything looking toward genuine improvement, including the higher taxation of the liquor traffic, brings you up against

some vested interest. Even those who draw the dole regard it as a vested interest. The courts have got into such a habit in Great Britain of regarding property as everything and humanity as nothing, that the theft of a loaf of bread is apt to result in two year's imprisonment while a serious offence against persons results in a nominal fine.

To get back to gas and electricity, it looks as if the low-temperature distillation scheme would reunite these interests. The new process makes the production of gas for heat and electric current for light and power in combination an efficient and economical affair. It has been proved that gas can be distributed over a very wide area without undue costs and estimates have been made showing that all of England could be divided into six districts, from the centres of which the distribution of gas and current could economically be made.

The officials of the Admiralty, which controls the British Navy, have cold chills up and down their spines when they realize that not a gallon of the oil which runs every ship and airship in the Navy is found on Britain's home soil. Everything must come from overseas. If the new process makes it possible to supply the Navy with its oil in war time without depending on overseas imports a tremendously important problem of home defence would be solved.

The relative positions of oil and coal in the world

have been discussed in an interesting way by Lieutenant-Colonel Sir Arnold Wilson, General Manager in Iraq, Persia and the Persian Gulf for the Anglo-Persian Oil Company, before the Institute of Petroleum Technologists, he said :

“ The known coal reserves of the world compared with the known oil reserves are as 100 to 3. The time may come when we shall have to rely largely upon coal for motive spirit for cheap cars.

“ When that time comes it will be welcomed by the petroleum industry as much as by the coal industry, for while there is increasing demand for petroleum and oil products, there is always room for more aromatics which could be got from coal. There is no rivalry between coal and oil. It is true that a certain amount of oil is being burnt under boilers, but that is a temporary use, as the proper use for oil is in the internal combustion engine.

“ Strong in the possession of the greatest coal deposits in the world, we have been a bit slow in the race for oil, and it was not until ten or twelve years ago that we realized we were falling behind. Now we are safe, safe as we could be, in the possession in British hands of sufficient resources to last us many years.”

Altogether, the prospect thus opened up for Great Britain of revitalizing its enormous coal industry is a most important and most cheerful one. It means help for the industry that now produces more unemployed than any other

industry, roughly a quarter of a million men. Its success would mean almost the rejuvenation of the iron and steel trades, and on the prices asked by the iron and steel trades depends in turn the prosperity and activity of the British shipbuilding industry. All these major industries have scores of subsidiaries who would be quick to feel the beneficial effects of better times in the coal industry.

For Great Britain's sake and for the sake of all-round world improvement it is greatly to be hoped that the promises now held out will be fully realized. It is "the moment when expectation is enceinte and all are hoping that inspiration will be born."

CHAPTER IX

GREAT BRITAIN'S BANKING SYSTEM

GREAT Britain prides itself on its banking system and on the stability of its banks, but nobody knows what the real condition of the banks actually is. There are altogether less than twenty banking institutions in the British Isles, but the situation is completely dominated by five institutions, commonly known as the "Big Five." These five are of enormous size and have thousands of branches scattered everywhere. In the larger towns and cities and especially in London branches of these five banks occupy all the best corners. Sometimes within a space of five hundred feet there will be a branch of each of the five, and probably one or two branches of the lesser banks.

This situation has resulted from the intensive competition for business which exists between them, but it may be doubted whether the benefit which comes to the public from most forms of competition in commercial enterprise also holds good in the field of banking. Without entering here into a technical discussion of the matter, which is extremely complex, it may be said that many excellent authorities believe the present system to be unwieldly, uneconomic and not conducive to the best interests of the country.

For one thing, the big British banks have an amount of their funds invested in real estate and buildings that seems staggering when compared

with the modest sums which American banks are allowed to tie up in this fashion. It is considered to be a good advertisement to have impressive branch buildings, but when it is considered how high building costs are in the British Isles and how great a sum the whole thing runs to in the aggregate, one would think that other forms of advertising would be found more economical. But as stated more fully in the chapter on advertising, the British banks are in the same period of advertising progress that characterized American banks in 1870.

In addition to their domestic business, some of the banks are engaged in overseas business through the ownership of subsidiary foreign banking institutions. Some of these outside interests are very large and allow the parent institution to control business in every part of the world except the United States. Even in the United States it is said a foothold has been secured through the ownership of at least one trust company in New York.

On the face of their annual reports, the banks are all making money. It may be that they really are, because banking is essentially a parasitic business living on the profits of other business enterprises and other peoples' money. It contributes nothing in itself to production or distribution, but is able to make money whether times are good or bad. Indeed, during the period when rapidly fluctuating exchanges wrought

havoc with the business of many manufacturers and exporters, the banks were able to make money out of the very fluctuations which damaged their clients.

To an American the most astonishing thing about the British banking system is the utter lack of State examination or control. There is no such thing as the Federal, State or Clearing House system of examination to which every American bank is subject and on which depositors and the public in general rely for their assurance that all is well. The depositors, shareholders and the public are, of course, protected to a certain extent by the annual reports of the banks, audited by competent and disinterested auditors, but this throws the necessity for making judgments on men who in the nature of things cannot be expected to know how much of certain classes of loans is actually recoverable.

I have been told by many people that during the boom period of the cotton textile industry in Lancashire the banks made heavy loans to many of the mills. Cotton was high in price and it required a great deal of money to carry the business on. It has always been a peculiarity of the cotton industry that it has been carried on largely with borrowed money, either in the form of debentures or bank loans. When the crucial time came in the industry the shareholders naturally had to forego any return on their capital, but this was a comparatively small part of the

total amount at risk, the balance being supplied by debenture-holders and the banks. It would seem to an outsider that a very healthy element would be introduced into the situation if more exact knowledge regarding the actual recoverability of the present volume of loans were to be made public.

On the other hand it cannot be denied that from the technical and money making standpoint, British bankers easily lead the world. The contribution made to the invisible trade balance of Great Britain by the international earnings of the banks is a huge one, profits without which the trade position of the country would be a great deal worse than it is. In the intricate problems of international exchange and arbitrage the British make their competitors look childish. There is probably more genuine financial acumen in the small space bounded by the City of London, than in all the rest of the world put together. This is the reason why British banks, through periods of inflation and deflation, boom and depression, have gone serenely on their way, always making money, and always having the confidence of the world. Their system of doing business is such that if they have big losses one year or even for a period of years, they simply go on and wait a chance to recuperate during periods of business expansion. The difficulty in the present case is that the continuing post-war depression gives small signs of yielding to the forces which have generally in the past

changed periods of depression into periods of active and profitable general business trading.

While the branch system as known in Great Britain seems to serve that country with a reasonable degree of satisfaction, it would obviously never do in the United States. If we had always had the English system of branch banking, there would be no United States of the great size and strength which characterize it to-day. Canada is a case in point. Canada's banking system is almost identical with the British system, except perhaps that competitive branches have not been established in small towns and on every street corner in the cities as they have been in Great Britain.

Hardly anyone who knows the facts will question the statement that the development of Canada has been restricted and hampered by its banking system. With hundreds of branches it is impossible for the manager of each one to be able to exercise the individual judgment and to have the knowledge of local conditions and credit probabilities that are expected from the president and cashier of an American bank. The necessity of referring all transactions except the most trivial to a head office, possibly two or three thousand miles away, is a damper on enterprise which cannot help being most obstructive and discouraging. This difficulty is not so apparent in Great Britain, where distances are shorter and communication with head offices easier, but on

the other hand, there is a deep-seated feeling among the smaller units of the business community that they are ignored by the big banks, who find it easier and more profitable to concentrate on their big accounts than to bother with such a multiplicity of small matters as are necessarily bound up with small accounts.

That this last is a real abuse, can hardly be doubted. It does not spring from any conscious policy on the part of the managers of the big banks, but is almost inevitably inherent in the system itself. It is difficult to organize machinery capable of loaning a million pounds to a huge industrial company and at the same time have equally serviceable facilities for the small tradesman who wants one hundred pounds. All the goodwill in the world won't triumph over difficulties of this sort.

CHAPTER X

ADVERTISING IN ENGLAND

JUDGED by American standards, advertising in England is hopelessly antiquated, but it is catching up by leaps and bounds. The power of the printed word is convincing the British business man of its potency and he is taking more and more advantage of this means of increasing business every day.

Probably Mr. Gordon Selfridge deserves more credit for this advance than any other individual. Selfridge had made a fortune and retired from the firm of Marshall Field & Co., of Chicago, when he came to London and decided to open a department store operated on American lines in what was then the most conservative city in the world. His advertising was at once an amazement and a scandal to the solid old shops of London. Their proprietors were aghast at the idea of appealing to the public in the way Selfridge did, but when the London public began wearing out the sidewalk trying to get into Selfridge's store a change of opinion began to take place.

To-day London store advertising is the equal of the best American copy. Stores like Harrods, Dickens & Jones, Shoolbred's, Barker's, and many others now turn out advertising that is almost beyond criticism and they have found, of course, that it is a good investment. Lord Northcliffe was a great believer in advertising and he proved by his own use of it that it is a tremendous power.

Much good work has also been done by advertising men like Sir Charles Higham, who learned the business in the United States and who is indefatigable in urging the business men of Great Britain to stop hiding their light under a bushel and to let the world know what they have to sell. Sir Charles doesn't hide his light. Another man who has done a great deal in breaking down ingrained conservatism and who has had a large hand in the typographical appearance of advertising in England is Mr. J. C. Akerman, advertising manager of *The Times*.

When it comes to discussing financial and insurance advertising in England the situation can best be described by the American vulgarism, "There ain't no such animal." While the British merchant is quickly awakening to the proper uses of printer's ink, the British banker, investment security dealer and insurance man is unaware that such a facility as advertising exists. What little financial advertising there is is largely restricted to the publication in legal form of the prospectus which limited companies, equivalent to corporations in the United States, are required to file with the public authorities. These prospectuses are generally printed in five point or diamond type, requiring the mind of a lawyer and a microscope to read, and are about as interesting as the description of a parcel of land contained in a deed. Probably in 99 per cent. of all cases nobody reads these advertisements except people who are already

investors and who would be reached otherwise in any well-organized scheme of investment banking. Their utility in attracting new and small investors must be pretty near nil.

When it comes to the display advertising put out by the banks, the observer can only weep. They generally consist of these words: "The Blank Bank. Branches and Correspondents in all British Cities and throughout the World. Foreign Business Transacted. Head Office, 000, Blank Street, London." About as effective in pulling power as an advertisement of ear muffs in the Sahara Desert. Stock Exchange firms are forbidden to advertise, the result being that a stranger needs a lantern and a letter of introduction to find a broker with whom he can feel safe in doing business, while the shyster and fly-by-night ropes in the unwary.

There is next to no attempt being made in England to induce the purchase of securities by the small investor as is done in the United States. Such a policy would be of tremendous value in reducing the social clamour that has arisen from time to time since the economic condition of the country has been so bad. A wider distribution of share holding would unquestionably have a steady-ing effect and reduce this unhappy Socialistic clamour. This is not to say that share holdings in England are not remarkably wide-spread; an extraordinary number of persons own shares in the banks, railways and industrial concerns. The fact

that such ownership is so wide-spread in spite of the poor way the subject is presented to the public is the best reason for believing that intelligent telling of the investment banking story would lead to a very great further increase in the number of shareholders.

I happen to know that one of the leading advertising men in London has tried to interest one of the "Big Five" banks in a genuine programme of constructive advertising, modelled on successful American lines, but that the inertia to be overcome is so great that the task is almost hopeless.

In the case of insurance the situation is just as bad, but is more difficult to understand. The advertising of life insurance is practically non-existent, while fire insurance advertising is on a par with that of the banks. But the strange thing is that many British fire insurance companies do more business in the United States than they do in Great Britain. In America they are good advertisers and their copy, as proved by reference to any first-class American insurance trade paper, is equal to that of the American companies. At home, however, there is nothing doing.

CHAPTER XI

INTRODUCING THE INSTALMENT PLAN TO GREAT BRITAIN

It is quite evident that a strong effort is to be made to repeat in Great Britain, the popularity which the instalment plan buying system has met in the United States. In Britain the name given to this system, is the hire-purchase plan, and it is evident from much that has lately appeared in the press, that the real nature and economics of the system are but dimly comprehended.

A system which allows the purchase and consumption of goods this year to be paid for next year, seems at first sight so alien to the conservative and thrifty British character, that one would think it would receive short shift in Britain, but the high standing of some people who have come out in favour of it is apt to delude the public into adopting a plan which can have nothing but trouble and disillusionment for them in the end.

The partial payment method of selling has many features similar to currency inflation. It increases the consumption of goods, gives an appearance of great prosperity and activity to many industries, provides many families with articles and luxuries they would otherwise be unable to have and, for a time, makes it appear that all is all right in this best of all possible worlds. But the partial payment system, like currency inflation, has its day of reckoning. If it is not the Achilles heel of

the present period of prosperity and industrial activity in the United States, then every textbook on economics will have to be re-written, and all the thinkers from Adam Smith to John Stuart Mill, will have been proved fools.

It is admittedly hard for a business man to see his competitor busy selling goods and apparently making money while his own plant is idle or running on short time. Even if the means used to keep the competitor's plant in operation are of dubious character, the other man is apt to say, "Let somebody else worry about that, I want the business." That is the danger in Britain and that it is no idle danger is shown by recent statements of two prominent British business men after a trip to the United States. These men, Col. H. Vernon Willey, former head of the great Federation of British Industries, and his associate, Mr. Guy Locock, had the following to say about the American instalment plan, in a memorandum published by the Federation :

"The deferred payment or instalment plan of business has increased by leaps and bounds, and includes now not only automobiles, furniture, pianos, etc., but every range of commodities, including clothes, radio sets, and even paint for the house. The financial risk is not taken by the producers, but is insured, and special finance corporations have been formed to take this class of business, which is widely re-insured. The system has certainly acted as an incentive to work in view

of the necessity of keeping up regular payments."

The danger in England is that, after a long period of industrial inactivity, quack nostrums are more likely to get a hearing and a trial than at any other time, on the theory that sane efforts at rehabilitation having produced only extremely moderate results, it will do no harm to try novel schemes. The unpopularity of going against this quite understandable tendency is shown in the cautious comment of even such a sound and conservative journal as the *Economist*, which, in an article headed "Prosperity by Deferred Payment" quotes the remarks of Col. Willey and his associate, and then says:

"Every Victorian instinct that one possesses rises up in protest against this theory of prosperity, with the consumer pawning his future to stimulate output, and toiling at his daily task not to build up laborious savings as future capital, but to pay for the luxuries that he is at present engaged in wearing out. It may be that the old nineteenth-century ideal of the thrifty workman, saving for old age, or for the glorious possibility of passing himself into the ranks of the employers, is out of date, and certainly these two experienced observers were sufficiently impressed with the results to suggest that the hire-purchase system might with great advantage to this country, be far more widely adopted here."

At least one prominent public man in England has had the courage to speak out against this

growing tendency to live to-day and pay to-morrow. Mr. A. M. Samuel, M.P., Parliamentary Secretary to the Overseas Trade Department, in an address before the Newcastle and Gateshead Chamber of Commerce, said: "People in this country seem to be following the American example, and are carrying to an extreme the practice of hire-purchase, which often means pledging future income up to the hilt, so that nothing is left for emergencies."

Mr. Samuel was promptly attacked for his remarks, even the *Financial Times* giving two columns of its space to a contributor who attempts to refute him. Incidentally, if the defenders of the hire-purchase plan have no better arguments than those advanced in the *Financial Times* article, there would be little danger, as a matter of fact, however, the danger is great because, human nature being what it is, a very large number of people will allow themselves to be convinced by glib salesmen, whose only interest is their commission, to become indebted for articles for which they have no real need and which they cannot, in justice to themselves and their families, afford.

It will be found that most of the agitation in England for the extension of the hire-purchase plan, and the consequent induction into a species of chattel slavery of a large portion of the population emanates from those who expect to make money out of it. Making money in England is not easy, and consequently the sharp financial

minds of the country are not passing up any opportunity to add to their own incomes. It is plain to a certain element among the financial interests, that the finance companies in the United States who are carrying the bulk of the huge outstanding volume of credit to which the partial payment system has given rise have made a pot of money. These men see no reason why they should not do likewise. The effect such a thing will have on the general welfare of the country is a matter for somebody else, not them, to worry about.

One writer in favour of extending the system in England says, "It is to some extent the dark horse of economics." It may be to some people, but it is not to the more conservative bankers of the United States, who have investigated the path to which it is leading, and have taken care to keep their own banking institutions entirely aloof from it, or from any connection with the hundreds of so-called finance companies now operating in America.

A careful and most interesting investigation of the whole matter, so far as it relates to the United States, has been made by the Farmers Loan and Trust Company of New York. Its report gives a summary of the partial-payment system for 1924, and while the figures are staggering it must be remembered that the plan had a further very large extension during 1925. The Bank's summary for 1924, covering eight groups of commodities, giving the total value sold at retail

prices, and the percentage and total sold on partial payments, is as follows:—

				<i>Value Sold on Time Payments.</i>
<i>Retail Value.</i>				
				<i>\$</i>
		<i>\$</i>	<i>%</i>	
1. Automobiles	2,910,082,505	75	2,182,561,878	
2. Washing Machines ..	88,000,000	75	66,000,000	
3. Vacuum Cleaners ..	69,000,000	65	44,850,000	
4. Phonographs	70,000,000	80	56,000,000	
5. Furniture (approximately)	—	—	765,000,000	
6. Pianos	100,000,000	40	40,000,000	
7. Jewellery	400,000,000	25	100,000,000	
8. Radio	300,000,000	13	39,000,000	
Total ..	\$3,937,082,505		\$3,293,411,878	

It is clear from the above, that in eight very important lines of industry in America, something approaching complete paralysis would ensue if the instalment-buying privilege were to be shut off. These industries are active and prosperous because somebody, either the manufacturer, finance company, or bank, is betting that business and employment will continue good and that the goods represented by the above figures, now all second-hand, and of greatly depreciated re-sale value, will eventually be paid for. It may be that they will, but inasmuch as mankind generally expects to read the probabilities of the future by what has happened in the past and inasmuch as there has never been a period of abnormal business activity in the United States that was not followed by a definite recession, it is a bit difficult to see on just what grounds it is expected that the usual cycle of trade activity will not repeat itself in the present case.

The Farmers Loan and Trust Company, before issuing its report, asked the opinion of a number of industrial leaders in the United States on the partial-payment plan. Those who are at present making money out of partial payments were enthusiastic for the plan, others were very much against it. A greatly respected business man in the United States is Mr. George F. Johnson, President of the Endicott Johnson Corporation, one of the largest shoe manufacturers in the world. It is his opinion that "urging the poor into debt, or 'instalment plan' buying, is the vilest system yet devised to create trouble, discontent and unhappiness among the poor." He points out that "there is no instalment plan buying of groceries, meats and foodstuffs of all kinds, or in necessary and sufficient warm clothing to keep one from suffering." He says that "the instalment plan of buying—or rather debt contracted by poor people, which places a mortgage upon their health, their jobs and their earning powers, is just about a thousand times worse than the old liquor habit; meaning, it creates more unhappiness, misery and discontent."

As to his own qualifications for expressing an opinion on this subject, Mr. Johnson adds: that "this is the opinion of one who has known from actual experience what it means to a poor man with a family and from experience in the handling of thousands of working people. With a full knowledge of the facts as they affect working people and their families, it is, therefore, expert testimony."

Another business man whose opinion is of interest is Mr. B. E. Geer, President of the Judson Mills, one of the largest cotton textile enterprises in the South. He writes that "For a long time I have felt that the buying of automobiles on the instalment plan in such volume was one of the outstanding reasons for slow business in many industries. I know that many of our own employees at Judson Mills have mortgaged their earnings for anywhere from two to ten months, for the purpose of buying machines which were to them liabilities the moment they became possessor." He adds that his chief criticism of instalment buying is that "it gives people who are not able, the opportunity to 'keep up.' If I see things rightly, this younger generation is calling in an insistent way, not only for new conditions under which to live, but for the right to indulge in luxuries which the financial condition of many homes does not justify."

Many other comments along the same general line could be given, but it will now be of interest to see what arguments are brought forward in favour of the plan, by those who are making money out of it. The following remarks were made by Mr. A. R. Erskine, President of the Studebaker Corporation, in defending the plan and predicting what would happen if it should be abandoned. Most serious minded people will see in his arguments the very best reasons why England and other countries should not engage in

this form of deceptive inflation, no matter what the superficial results may appear to have been up to this time in America.

Mr. Erskine says that as only 25 per cent. of automobile buyers now pay cash for their cars, and that perhaps another 10 per cent. could qualify, the remaining 65 per cent. would have to do without, and that only 35 per cent. as many automobiles could be built. "Therefore," he says, "about 1,500,000 persons would be thrown out of employment, and social distress would immediately seize upon the industrial region north of the Ohio River. Since the advent of the automobile, this region has been one of the most prosperous sections of the United States, and many billion dollars' worth of its products have been distributed to the farthest corners of the earth. Well-informed persons know that this region is to-day practically supported by the automobile and allied industries. What would happen to the manufacturers of clothing, hardware and shoes if this great region was put on the rocks? How could the railways, banks, mines and other industries of the country prosper under such a condition of paralysis at the chief industrial centre of the country? What is true of the automobile case, is true in smaller measure of the piano, radio, furniture and other industries. With the withdrawal of instalment credit mass consumption would shrink tremendously and business would face a debacle."

In view of the inevitable ups-and-downs of business and national prosperity, the last sentence of Mr. Erskine's should certainly give Americans something to think about, and the British people something to give them pause. The duplication of such a condition as Mr. Erskine describes would be inevitable in England if the hire-purchase system becomes as wide-spread as certain interested groups would like to see it, with the added difficulty that England has not the natural advantages and the resilience in working out of a temporary economic depression as a younger country like the United States.

Careful study of this entire question will convince most people that there are only four cases where instalment buying is justified and wise : the purchase of a home ; the acquiring of investment securities ; furniture in the case of young married couples ; and commercial motor vehicles by those who can earn the cost of the vehicle through its operation. In buying a home, each payment induces a man to strive harder to pay up and clear his property of encumbrance. For the great majority of people it is the only way in which a home can be acquired. Buying investment securities by the payment of 10 per cent. of the price each month for ten months has proved very successful in America. Some of the most conservative bond houses have adopted the plan and it has helped many thousands to become owners of income-earning securities.

If it were not for the partial-payment facilities for buying furniture, many young couples would put off marriage for indefinite periods. The purchase of furniture on time in such cases, where only necessities are bought, seems clearly in the interest of the individual, the family and the State. Many commercial motor vehicles pay for themselves while being bought. Men who are thus enabled to establish themselves in business become an asset to their community, such a case is obviously the direct reverse of the purchase of a pleasure car on the hire-purchase plan.

The economics and the ethics of the hire-purchase plan will be clear to everyone, if a clear distinction is kept in mind between mortgaging property, on the one hand, and mortgaging one's income, health, energies and future, on the other. Obviously, the largest part of the hire-purchase plan, and the majority of evils that follow in its wake are connected with the latter class of transactions. An English writer, in defending the plan, says: "There is no desire to follow slavishly American precedents, but not to profit by her experience will be futile and suicidal." Exactly so. If the British will just wait until a definite industrial reaction takes place in America and the partial-payment plan is shown up in its true light, they will be convinced that it would be suicidal not to profit by America's experience, by leaving the partial-payment plan severely alone.

CHAPTER XII

THE BRITISH NEWSPAPER SITUATION

WITH the single and honourable exceptions of the London *Times* and the *Manchester Guardian*, it may be said that there is scarcely an important week-day newspaper in England to-day which is operated for the sole purpose of presenting the news to its readers without prejudice, colouring or propaganda of any sort. With the exceptions named, papers like the great dailies of America simply do not exist. All the rest, with scarcely a single important exception, are tied to the tail of someone's political, social or financial ambition, or exist to further the ideas of a political group or serve as the mouthpiece of some favourite "ism".

The Times is more than a newspaper, it is one of the greatest of British institutions. It means to be, and succeeds in being, a picture of the British Empire, and to only a lesser extent of the world, from day to day. If all the other reading matter in the world were to be denied an individual except *The Times*, he could still be a well-read and well-informed man. It has had many vicissitudes during the past century, but now seems to have reached a haven of safety where its future and its continued independence and usefulness are assured. After the death of Lord Northcliffe it was purchased by Major the Hon. J. J. Astor, who has placed it in a sort of trust. When Major Astor

dies, the paper will be managed by a board whose personnel assures no lowering of standard. Major Astor, by the way, must not be confused by American readers with Lord Astor, who owns the *Observer*.

The Times shares with the *Morning Post* the distinction of being the best printed of British papers. Few American papers approach them in typographical finish, although both adhere to the old-fashioned system of printing the news on the inside pages, and using the front page for advertisements. In politics *The Times* is independent, standing for the Government when it can, but never hesitating to condemn when its editors, who are the sole judges of its attitude, feel the ruling party to be in the wrong.

To read the *Morning Post* is a joy, if only because one finds so many things to disagree with. It is the organ of the extreme right wing of the Die-hards ; it out-Tories the Tories, and often misses accomplishing the demolition of a demagogue or scoundrel by the venom and viciousness with which it attacks. It is anti-American, anti-Irish, anti-Jew, anti-German and God knows anti-what-else, seldom finding anything to which it can give full-hearted approval in this sinful world. But it has the virtue, if it be a virtue, of being consistent.

The *Morning Post* is owned by the Duke of Northumberland, one of England's richest men, most of whose wealth is believed to be in land and coal royalties. As both of these have been under

heavy fire of late years, the Duke's temper is not widely known for its mellow qualities, and his employees apparently take their cue from what they believe his Lordship's ideas to be. The Duke, however, like William Randolph Hearst, is no mean antagonist and when he takes his pen in hand, the ink flies fast and furious. During the Coal Commission Inquiry the Duke was put on the stand to be cross-examined by the representatives of the miners' union, with rather disastrous results to the questioners.

To the *Morning Post*, no news is so important as that which concerns royalty. All else takes second place in this respect. It aspires to be and undoubtedly is, the organ of the very inner circle of blue bloods. In common with many British papers, it prints on its editorial page a summary of all important news, giving in a few words an outline of the principal articles published in that issue. This summary generally reads something like this :—

“ The Prince of Wales is confined to his room, following a shaking up when his horse fell under him while hunting yesterday. Many anxious inquiries have been received, but no bulletins have been issued, and it is expected that His Royal Highness will be able to resume his normal engagements to-morrow.

“ An earthquake yesterday destroyed a large section of Japan, levelling all of Yokohama and a large part of Tokyo. The number of dead

cannot be estimated, but is expected to run into a great many thousands."

This idea of what is most important in the matter to be presented to readers in the year 1926, may appeal to some of those who buy the *Morning Post*, but its small circulation is a reassurance that the average, normal, clear-headed Englishman is not of that opinion.

It is generally believed in newspaper circles that the *Morning Post* is the most consistent loser of money in the British newspaper field. Gossip says that the Duke would like to quit but finds himself in the position of the man who grabbed hold of a bear's tail and was afraid to let go. The policy of the *Morning Post* is so vigorous that it seldom has the support of the element in the country it defends so vigorously. Frequent changes characterize its staff, but to no avail. However, it would be a great loss to see it pass into oblivion, because no other paper in England is so brilliantly edited and no paper, not even *The Times*, maintains such a high standard of English in its columns. Its difficulties are due to the fact that in every Englishman, whether Lord or coster, there is a strain of fair play which resents seeing the other fellow's case being put forward in a manifestly unfair manner. They won't support a paper that does it. If the Duke of Northumberland were to be well advised, he would hire a first-class American editor, give him free reign to moderate the paper's vitriolic policies, and turn

it into an afternoon paper. The afternoon papers of London are so poor that only one Londoner in five ever buys one, but the *Morning Post*, published in the afternoon, would sweep the field.

Aside from *The Times*, which may in a way be said to be above competition, the paper that sets the pace for all the rest is the *Daily Express*. This is one of the few papers in England which follows the American style of printing the important news on the front page, carries its editorial page inside and uses its back page for a daily selection of illustrations. It is owned by a smart Canadian and edited by a brilliant American. It stands for everything that will help make England and the Empire a better place for those who live in it, and if its enthusiasm sometimes gets the better of it in the mere details of giving its young men too free a sway with their imaginations, at least the offence is an understandable and forgiveable one.

An important paper published in the same general style as *The Times* is the *Daily Telegraph*. This is the property of Lord Burnham, who comes from a newspaper family and is not a newspaper owner merely to satisfy his political ambitions. Few British papers are aware of the existence of the United States so far as their news service is concerned, but the *Daily Telegraph* carries nearly every day a good part of a column from its New York and Washington correspondents. This news is marked by accuracy, good temper, and courtesy, three qualities that distinguish the paper's editorial

columns. The paper makes quite a point of its diplomatic news, but other papers generally make a point of confirming its statements in this department before accepting them.

The *Manchester Guardian*, although not published in London, has a large and well-deserved circulation there. As a paper standing for the highest ideals in every line of human activity it is unsurpassed. It is the sole property of its editor, who for 50 years has maintained its enviable standard of excellence. On many occasions the paper has run counter to prevailing British views, its unpopularity reaching a particularly high point during the Boer War, when it opposed the policy of the Government. It is the bible of the textile trade, the most important industry in Great Britain.

It is said that during the Boer War many Tory readers of the *Guardian*, who felt it necessary to read the paper on account of its business news, would ostentatiously rip out the editorial page and throw it in the gutter as soon as they had purchased their copy. The *Guardian* is an almost infallible guide as to what the best minds in England are thinking. I mean best in the sense of social regeneration and progress as distinguished from imperialism, greed, or toadyism to the royalist idea of government. The paper is not well printed and there is some doubt whether it makes any money or not.

However, there is an evening paper under the

same ownership which is known to be very profitable.

There are few other papers deserving of mention so far as London is concerned. The *Westminster Gazette* is owned by a group of Liberals. It has an able editorial staff, but as the Liberal party itself doesn't know where it stands on any question and as Lloyd George out of office continues to be the shifty, unstable and opportunist individual he was when in office, the paper has to have the qualities of a chameleon to keep up with him. Its circulation is small and probably whatever influence it may once have had has been pretty well dissipated.

The organ of the Labour Party is the *Daily Herald*. This is a small sheet, poorly patronized by the element for which it professes to stand, and evidently having a hard time to make ends meet. It suffers from a constitutional inability to make up its mind whether to follow the Bolshevik crowd headed by A. J. Cook, secretary of the miner's organization, or the comparatively safe and sane policy of clear-headed leaders like the former Prime Minister MacDonald, and Mr. J. H. Thomas. It had the good luck during the summer of 1925 to have one of its delivery trucks loaded with papers stolen by a group of young ruffians styling themselves the National Fascisti. The almost unbelievable stupidity of the present Tory Government in not meting out the usual swift and adequate British justice to these incipient

thugs, placed all public sympathy on the side of the *Daily Herald*, even the *Morning Post* finding the task of justifying the Government's actions a most difficult one. It is hard to say more than that.

The paper with by far the largest daily circulation, approaching the two million mark, is the *Daily Mail*, the paper which built up for Alfred Harmsworth, later Lord Northcliffe, the huge fortune which was his when he died. Northcliffe was a man entirely devoid of ideals or education in its true sense. He was a man of the common people, with a most uncanny faculty of knowing exactly what the common herd want to read. He had the satisfaction of gratifying his life ambition of owning *The Times*. His ownership of that paper can hardly be called a success, although his relentless persistency in telling the British public of the imminence of the German peril, and his demands for an energetic prosecution of the war after it had started, certainly earned for him the grateful appreciation of his countrymen. He finally died a mental wreck, having lived, however, to see everything he had said about the war vindicated by the facts. His newspaper properties passed to his brother, Lord Rothermere, who has lost no time in passing on the ownership, but not the control in them, to the general public, through a series of share flotations.

Rothermere is not a newspaper man in any sense of the word, but he is an excellent business man,

and knows what he is about. Lord Northcliffe was probably the greatest example who ever lived of a great editor, great, that is, in the sense that he was able to give a large section of the public exactly what it seemed to want, and also a great business'man. Everything he touched seemed to turn to gold. The *Daily Mail* goes on after his death with apparently undiminished strength, but this is because Northcliffe gave it an organization so well constructed, and so efficient, that it could sell the *Daily Mail* without a line of type in it.

A curious situation exists as between the London and Provincial dailies. Almost every member of the upper and middle classes in the provinces reads a London paper, and the local provincial paper. But it is a striking fact, that where the provincial reads the London paper for its news, he reads the provincial paper for its editorial page. The editorial prestige of the London papers has just about reached the zero point, just as in America it is doubtful whether the passing of the old *New York Evening Post* did not leave the *New York World* as the only American paper which may be said to wield any editorial influence. The citizen of provincial England reads the London papers for their news, but he turns to his local paper for advice. For this reason, there are excellent papers well entrenched in such places as Manchester, Birmingham, Leeds, Liverpool, Bristol, Glasgow and Edinburgh.

It is when we turn to the Sunday papers that we

get an idea of what a tremendously variegated body the English reading public is made up. The two leading Sunday papers are the *Sunday Times*, which has no connection with the daily *Times*, and the *Observer*. Both are excellent publications and are not similar in any respect to any American papers. They contain the news of the week in brief form, and have editorial pages of outstanding excellence. The *Sunday Times* is part of the Sir William Berry group of papers, and is edited by Leonard Rees. Both papers have excellent columns from France, Germany, America, Ireland and other parts of the world, while in both the literary, musical and dramatic departments are in the hands of men who are acknowledged leaders in the respective fields.

The *Observer* is owned by Lord Astor and edited by J. L. Garvin, whose weekly editorial is generally a joy to cultured readers. Garvin has a style which has caused rival, and probably envious, newspaper competitors to call him the "chief adviser to the Almighty." Nevertheless, everything he writes is carefully read in quarters where influence counts, not least, it is reliably reported, in the circles of the present Cabinet. Garvin has a mind that might be compared to the editorial policy of the *Manchester Guardian*; he hits out where he thinks a blow is needed and generally has the satisfaction of seeing his predictions work out as time goes on. He had the dreadful misfortune to lose an only son

in the War and the experience has somewhat embittered him in spite of his efforts to control it. He tries to be fair to the United States, but like many other British people of excellent intentions, he finds the job not entirely a pleasant one.

The only stain on the *Observer* is that every Sunday it carries a column of the most bare-faced teetotal propaganda published as news and headed "By a Correspondent." The manner in which this un-British propaganda is handled would delight the crooked heart of an American Anti-Saloon League leader. Like 99 per cent. of all prohibition propaganda it masquerades as temperance news. Inasmuch as the British passion for realism probably detects without any trouble the fact that prohibition is itself the most intemperate and immoral doctrine ever conceived by the mind of man to enslave his fellows, it is not likely that much harm is done by this queer editorial vagary.

The *Express* has a Sunday edition much along the lines of its daily edition. The *Sunday Chronicle* is also a popular paper. Both of these appeal to and are read by the more respectable middle-class sections of the public, comprising a group which finds the literary excellence of the *Sunday Times* and the *Observer* too solid fare for reading on their day of rest.

The most astonishing feature of British life, at

least to an American, is the popularity and tremendous circulation of those Sunday newspapers which exist only to circulate news of crime, scandal, and debauchery. If an expert psychologist were to examine the matter he would probably come to the conclusion that the British lead such law-abiding and clean lives themselves that the unusual and exceptional takes on a morbid fascination, more from the fact that it is so far from anything with which the average Britisher has any personal acquaintance than for any other reason. But whatever the reason, it cannot be denied that no publication in the English language has as large a circulation as the *News of the World*, which sells more than three million copies every Sunday. It contains practically nothing but scandal, crime and divorce news, most of which has appeared in other newspapers during the week and is rehashed and "jazzified" for a wider circle of Sunday readers.

In fact, all the newspapers in Great Britain print a great deal in the way of court reports which would never see the light of day in America. Even the so-called "snut" section of Hearst's *New York Sunday American* reads like a Sunday School tract compared to the ordinary reports of divorce, assault, incest and other cases in the British press. Papers like *The Times* say they would be only too glad to eliminate this trash from their columns but are unable to do so as long as the cheaper and more popular papers print it.

The past year has been a harvest time for these scandal sheets. It has happened that there has been a whole series of divorce and other actions which have given the smut hounds plenty of filth to digest. Probably the Dennistoun case was the star example, because it had those ramifications into aristocratic circles in which the house-maid class in every country love to delve. In London all such stuff is printed in the evening papers, after which the *News of the World* and its companion, *Reynolds's Newspaper*, gather it all up and after adding a few trimmings serve it up for their wider Sunday audience all over the country.

Two recent cases, both of which would have been dismissed with a paragraph in the *New York Times*, received column after column in the British Press. The first was the case brought against one Hayley Morriss and his wife, charged with offences against girls below the age of consent, which in England is sixteen years, low enough in all conscience. His notoriety was aided by the fact that he is a rich man and happens to be the brother of the owner of Manna, the winner of the 1925 Derby. Every paper without exception, reported this abominable case in full, while the *News of the World*, on the Sunday following the prisoners' conviction, devoted ten-and-a-half columns to the case. The *News of the World* by the way, is owned by Lord Riddell, one of the shining lights of the British aristocracy.

The other case concerned Sir Basil Thomson,

who during the war was a spy-smeller connected with Scotland Yard and having the title of Deputy Commissioner. This gentleman was indiscreet enough to pursue certain physiological investigations in which he claims to be interested in order to obtain material for a book on Crime, in Hyde Park after dark. A couple of rude police constables found themselves out of sympathy with Sir Basil's line of experiment, and he was hauled into the police court like any other common malefactor charged with an "offence against public decency," whatever that may be. Every stage of these proceedings was fully and voluminously chronicled by the British press.

In view of my statement earlier in this chapter, that no London newspaper is aware of the existence of the United States, it may be interesting to see what Americans in England do for reading matter. They depend almost entirely on the Paris edition of the *New York Herald* and the Paris edition of the *Chicago Tribune*. Both of these are most creditable performances, and they are on sale on all important corners in London at about four-thirty or five o'clock every afternoon. They contain full cable reports of the important news from the United States, and make it possible for Americans away from home to keep closely in touch with everything going on.

Both of these papers are excellent advertisements for the United States. They circulate

everywhere in Europe and it would be hard to exaggerate how much they would be missed if anything should cause them to cease publication. Of papers published in the United States, it is probable that the *Christian Science Monitor*, of Boston, has ten times the circulation in Great Britain of any other. This splendid, clean newspaper is another good advertisement for America. Its present attitude on prohibition is rather painful to Americans away from home, who have difficulty in explaining it to their English friends, but with this comparatively unimportant exception the *Monitor* is a welcome visitor in thousands of British homes, largely for the reasons given above concerning the publication of crime and scandal news in the British papers. Concerning the *Christian Science Monitor* and the *News of the World*, it might be truthfully said that by no stretch of the imagination would anything that got into one, ever stand any chance of getting into the other.

Before leaving this subject it might be of interest to say that the Scots have no use for English newspapers. Their own papers seem indescribably dull to an outsider, but to a Scot they are the source of all truth and light. The first morning I was in Glasgow, I said to a Scot, "Can you tell me what time the London papers arrive in Glasgow?" He said, "I cannot. And why should anybody want to know? We have three papers here in Glasgow, that are better than

anything printed in London!" I had to pinch myself to make sure I wasn't in Chicago, the tone sounded so familiar.

In view of the long and important rôle that the *London Times* has played in the history of Britain and of the world, and in view of that peculiar interest which seems always to be attached in the public mind to the fortunes of great newspapers, it may be well to mention three works to which readers in search of fuller information may turn. The first is the two-volume life of John Delaine, probably the greatest of the long line of able men who have directed the paper. It was published several years ago and can generally be found in the public libraries.

The second is the recently published two-volume work by Mr. Wickham Steed, *Through Thirty Years*. Steed, who is now owner and editor of the *Review of Reviews*, was a correspondent of the *Times* in Rome, Berlin, Vienna and other places in Central Europe for many years prior to the war. His picture of the forces that gradually rendered the World War inevitable, are superior to anything else so far published. Nowhere else can one find at once, so detailed and at the same time, so broad an outline of the forces of hell that were eventually let loose. Steed was in the entire confidence of the late King Edward VII, who relied on him for information concerning the duplicity of Edward's shifty nephew, the Kaiser. After Lord Northcliffe assumed active charge of *The Times*, he made

Steed editor, a position he filled through one of the most trying periods in all human history.

The third book is Harcourt Kitchin's *The Life and Times of Moberly Bell*. Bell was editor of *The Times* for many years prior to and for two years after the paper's acquisition by Northcliffe. He was a tower of journalistic strength, always fighting against great odds but always managing to keep *The Times* alive in circumstances that would soon have defeated a weaker man. The book is nine-tenths Kitchin and one-tenth Moberly Bell, but intensely interesting nevertheless. Not the least interesting thing about it is the description of the part played by two Americans in saving *The Times* when it was facing financial disaster, through reprinting an old edition of the *Encyclopædia Britannica* and selling it by means of the bally-ho methods of the American 1890's. Kitchin's description of the complex ownership of *The Times* and of the wheels within wheels which grew out of the partnership is one of the most diverting, and at the same time most pathetic, things in the history of journalism.

CHAPTER XIII

THE BRITISH AND THE AMERICAN MOVING PICTURE INDUSTRY

FOR a long time there has been intense disgust and unrest in Great Britain in connection with the moving picture situation and the fact that 95 per cent. of all films shown are American. Considering the immense and far-reaching influence exercised by the films, particularly on the immature and moron type of mind which finds entertainment in them, the British have good reason to be disturbed. The business of producing British films is all but non-existent. Many attempts have been made, but either through bad luck, unhappy climatic conditions, lack of technical ability or what not, the fact remains that the British have up to date been most unhappy in their efforts to establish a national screen industry.

Not only does the fact that nineteen-twentieths of all films shown in British theatres come from America irritate the British, but the further fact that practically all films shown in Canada, Australia, New Zealand and South Africa are American as well disturbs them. They feel, and with good reason, that every film is a commercial traveller and at the same time an agent of social ideas. The British say that during 1925 films aggregating 200,000,000 feet were shipped to Great Britain, which the American exporters valued at £1,400,000, for export, but which

actually returned five times that amount to America. Besides this Great Britain bought projecting machines from America to the value of £80,000 and other moving picture appliances to the value of £40,000.

The intelligent classes among the British know that the films give only a farcical idea of American life, but the untravelled lower classes do not know this. The idea of the luxury, criminal depravity and all-round scoundrelism which the average British working-class individual has of American life is something that the United States would do well to concern itself with. The same can hardly be true of a country as close to us as Canada, but it may well be true of Australia, New Zealand, South Africa and India. If the Anglo-Saxon countries are the future hope of the world it would be a calamity for all the other English-speaking countries to get such a distorted idea of us as must be got from the present type of American film.

The British are well aware of all angles of the international moving picture situation, but the case of one of perplexing difficulty for them. The following table shows briefly the relative positions of the American and British film situations as taken from British sources :

	<i>United States.</i>	<i>British Isles.</i>
Population	115,000,000	44,000,000
Number of picture theatres ..	20,000	4,000
Annual receipts from patrons ..	£140,000,000	£30,000,000
Average price of admission ..	11d.	7d.
Average weekly attendance ..	55,000,000	15,000,000
Total capital invested ..	£300,000,000	£35,000,000

Most of the renting of films is done through American distributing houses located in London and it is the so-called "block" system built up by these distributors that complicates the situation so greatly for the British producer and arouses resentment among the British public. The situation is like this :

The 4,000 picture houses of the British Isles require 400,000 films a year. The big American producers, who in turn control the distributors, know that theatres cannot be profitably conducted without a supply of films large enough to give the requisite changes of programme. They hit upon the idea of offering theatre proprietors batches of 30, 52 or 104 pictures over a period of a year, the theatre owner to take whatever was offered him, good, bad and indifferent. The rate offered under this arrangement was so low that few theatre owners could afford to turn the proposition down, and as a matter of fact scarcely any did so.

Within six months of the coming into operation of this block system, practically every British moving picture theatre had its dates covered by "block" pictures for six months or a year ahead. The home market for British-made pictures disappeared almost overnight. British producers could not go on making pictures when there were not enough theatres in a position to show them to pay even a fraction of the cost of production. As the block system is in general use in the United

States and in almost every other worth-while film market, and as the big American producers control the situation in nearly all cases, it is obvious that the British producer was simply wiped off the map of the screen world.

The American producers were able to offer the British theatre owner films at a rate which would not have been possible if the price asked had had to pay the cost of production. But the fact is that the export market for American films is simply a source of extra and gratuitous income to the American film companies; it is the American home market that has paid the cost of every film long before it reaches the British or any other foreign market. The money which the American companies are making in this way is so "easy" that there is strenuous competition for the business of booking up each theatre under the block system. Another point to be remembered is that the contracts under the block system expire at different times for different theatres, thus removing the possibility of a joint refusal on the part of the theatre owners as a whole to be further bound hand and soul to the American producers.

Much of the public clamour that has arisen in England has for its object the insistence on British theatre owners showing a certain percentage of British films. But clearly this cannot be done unless a way can be found of breaking the block system and allowing a free market under which theatre owners may choose what films they desire

to show. The situation is thus summed up by a British moving picture expert :

“ If British producers are to make any headway in this country the exhibitors' date-books must be cleared. The moment that is done and we have a free market production will begin, and Americans will come here to produce in competition with our own people.

“ The position is far too serious to dismiss as a matter of popular entertainment. Every picture is an advertisement of the country of its origin, of its customs, its people, its resources, and its civil and commercial life. I have seen during the past year over 600 American films and there has not been one that has not cleverly advertised the various businesses of the country—its timber resources, its ranches, its social life, furniture, frocks, shoes, clothes, its riches generally, its firemen, policemen, postmen, sailors, ships, railways, rolling stock and hundreds of other things.

“ These pictures go into all parts of the world, boomed by an amazing publicity in every language, and popularized through the acting of scores of pretty, dainty girls, some English, and good-looking and capable men, many also English. It is good to know that the Government realizes the commercial value in world trade of good films, carrying with them as they do, political and social values. It may be that the Federation of British Industries are butting-in to the annoyance of the

politicians of the film industry, but the moribund condition of our home productions is such that it cannot be resuscitated except on commercial lines.

"It is upon these lines that it lives in the theatre, for cheap and good films are the life-blood of the theatres. And these are only possible, so far as England is concerned, by giving home producers a chance to get back at least the cost of production in this country, placing them in the same position here as those of the United States."

Clearly, the British have a real grievance in this matter. It is impossible to believe that the United States would allow a situation to exist where the tables were turned, and the Americans were compelled to take their ideas from foreign films to the practical exclusion of the home product. I have seen many American films in England and the only word that describes most of them is "appalling." They present a distorted, weird, ridiculous and often vicious picture of American life. The only times since I have been abroad that I have felt ashamed or that I had anything to apologize for, because I am an American has been when viewing American films or discussing the subject with English people. Most of the pictures indicate that Americans are either cowboys or lounge lizards and that most American women are vamps or society queens who breakfast on cocktails.

What particularly riles the British, is that not

only are nearly all the films they see made in America, but they are made by the kind of people who never by the farthest stretch of the imagination would get into any upper class circle of society in England. I mean the producers and not necessarily the actors and actresses, although this would hold good for them also in the majority of cases. The British know that the American film industry was built up and is owned by the class who generally started life as Hebrew cloak and suit manufacturers and who have adopted in moving pictures the principles of mass production they learned while making pants.

The agitation which has been going on for three months preceding this writing, has brought forth much interesting material in the British press, but the upshot of the whole matter appears to be that things remain very much as they were. Nevertheless, some opinions have been expressed by American film experts not directly interested in the British market, that seem worthy of close attention on the part of that large section of the British public which would like to get away from the present almost intolerable situation.

These experts seem to be in agreement that the reason British films do not "get over" is because they are made by the narrow English mind for the narrow English field. The English market is not big enough to make the production of expensive films which cannot be marketed outside of England an economic success, hence those producers

who have tried to make films on a purely English basis have lost their money and quit.

Technically, it is agreed that the English can produce as good, or nearly as good, pictures as the American large-scale producers. The difficulty seems to be that the English extend to their film efforts the same habits that characterize them in everyday life, that is, they refuse to be hurried. The *tempo* of a British film is something terrible, and even an English audience, used to the snappy, fast-moving action of the American film, where everything is keyed to furious motion, begin to writhe in their seats before the average British film has reached its sedate, take-it-or-leave-it conclusion.

American pictures, far from being made to please any particular group, unless the hick section of the American middle-west can be dignified by setting it apart as having a distinct class-consciousness, have a universal appeal. Speaking on this point an American movie expert, now retired to spend the profits of his own good judgment of what the public wants and is willing to pay for, says: "In America, stories are selected and pictures are made, by the universal mind for the universe, speaking broadly. In England, Germany, Italy and France, moving pictures are made for England, Germany, Italy and France. To this assertion you will say 'rubbish' no doubt, but such is the fact nevertheless. Of course, in

England, Germany, Italy and France pictures are made to sell all over the world. They are made for everyone, but very few of the pictures made in these four countries are ever seen outside the home soil, and not always is there a full distribution in the Mother Country at that.

"I hold that in America, stories are chosen and pictures made for the universal mind because they are picked and fashioned by a composite group. The point of view which sifts, visualizes and directs the product is rooted deep in the minds of men and women of many bloods. In England your stories and pictures are by English blood for English blood. You are national in your picture manufacturing. So are Germany, Italy and France. Perhaps you will not agree with this statement. That is too bad, but it is true. In America, we are of all stocks, as you well know—15,000,000 Germans in the States, 3,000,000 Jews in New York, 50,000 Italians in the small city of New Haven, and so on all over. We have tremendous sections as different from each other as nations are different, and yet when we are kicked, we fight together—when we make anything we make it for all. We know how to do this because we have a world mind."

Another writer on the same subject says that England keeps her colonies but she does not keep them entertained. The great growth in world communications as a result of radio and the

moving picture seems to have revealed a trait of British insular character that is not capable of bending and adapting itself to the modern demand for entertainment and amusement. The British stubbornness that handicaps many British products in foreign markets by assuming that the British maker knows better what is good for the foreign buyer, than the buyer does himself, is still showing itself in the British film industry. The British producer makes his picture according to his own ideas and what he conceives, correctly no doubt, to be the ideas of the British home market. It is then up to the Dominions and the outside world in general, to take it or leave it. Not caring for the pictorial fare thus provided, the outside world leaves it.

Meanwhile the purchase or construction of splendid movie theatres in England, especially in London, by Americans goes steadily forward. Just a few weeks before this was written one of the most spectacular theatres in England, the Plaza, was opened. It is built on a dazzling scale, with a pipe organ probably equal to that in any cathedral in the world, and while the English enjoy, admire and patronize it, they cannot be blamed if their feelings on the subject are a little mixed.

One of the interesting things that happened during 1925 was the trip made to Hollywood by Robert Nichols, the distinguished British dramatic

critic, to write a series of articles on the movies and their creators and owners for the *London Times*. The way in which he took the hide off the industry was a joy to those who despise its meanness. I wish space permitted quoting at length from what he wrote.

CHAPTER XIV

ENGLAND, AMERICA, AND THE LEAGUE OF NATIONS

A CLEVER American girl once said that "there was no British Empire until a Jew made a German Empress of India." If you spring this on an Englishman, as I have done a few times, he grows apoplectic, but he will not attempt to refute it. Now comes the brightest intellect in England, Dean Inge, which name, by the way, is pronounced as if the "e" were not there or as the final syllable in "singing," with a counterblast that rather more than evens the scale. The Dean of St. Paul's, who writes a scintillating article once a week for the *Morning Post* on some topic of intellectual interest, has this to say about the Americans :

"The Americans are a very great people, but in some matters their moral ideas are radically different from ours. A nation which is at the very bottom of the list among all peoples, civilized and uncivilized, in murder and divorce, is not a safe guide where the sanctity of human life and the relations of the sexes are concerned." I hasten to assure the Dean that most Americans, as he already knows, will heartily agree with him. The Dean has also written some biting things that ought to be sent to the leaders of the Prohibition movement in America if there were any likelihood of piercing their swinish hides.

There is one quotation from the Dean that deserves much wider circulation in England than it is ever likely to receive. He said: "Unluckily, though many things are beyond a doubt, nothing is beyond a doubter." The truth is that in Great Britain the main trouble is the fact that too many people take the present state of things as the best of all possible worlds, or at least the best world which it is feasible as a practical matter to get. If there were enough who would persistently doubt that things are being done in the best possible way they might bring about some improvement.

The American girl's contribution and the quotation from Dean Inge are good examples of the way in which international amity bumps along its rocky road. There are in England, as in America, various groups of well-meaning (that most dubious of all adjectives) people who are constantly spouting the "hands-across-the-sea" line of talk. In England, as in America, the better element among the people are disgusted with this sort of thing. They want Englishmen to be Englishmen and nothing else, and not to be leaners either on America or any other country.

The international debt situation and the League of Nations muddle have made the luncheons and banquets of the Anglo-American enthusiasts on both sides of the water pretty dismal affairs. It is hard to bow and smile when you think you are being gouged, and I believe both the average

American and the average Englishman think the other is trying to do him in the eye. Certainly nothing has ever been more unpopular in England than the somewhat precipitate settlement made by Mr. Baldwin, now Prime Minister but then Chancellor of the Exchequer, of England's debt to America. It is thought now that better terms could have been had by waiting and trying to coax America into an international conference for the settlement of all the war debts. The fact that America by no possibility would ever have joined such a conference is not intelligible to the English mind, which is too accustomed to the old-style diplomacy to grasp the American attitude.

The fact is that the English will pay to the last cent. They feel they have been unjustly treated, but having given their word they will abide by it. Their realization of the dollars and cents value of good credit and a reputation for common honesty is too keen for them to do otherwise, and as they view the French financial debacle, which is largely ascribed in England to France's persistent refusal to recognize the realities of the cost of war, their feeling on this point is confirmed.

But the British have no confidence in their former so-called Allies in Europe. They hailed the late Woodrow's League of Nations humbuggery as the thing sent from Heaven that would deliver them from their friends in Europe, especially the French, and unite them with the gold, the manpower and the unlimited wealth of the American

Republic. That was one of the main reasons why Baldwin's debt settlement was accepted; they thought the other things that would follow more than enough to offset the heavy cash payments they had undertaken to make. . .

The feeling that America would ultimately join the League of Nations persisted in England through the Presidential elections of Harding and Coolidge and right down to the March meeting of the League of Nations, when Brazil, probably instigated by Mussolini, crabbed the possibility of securing genuine peace in Europe. The vote by the Senate to join the World Court was a signal for a burst of rejoicing in England; at last, thought the Foreign Office, we have beaten the Yank at his own game of bluff.

When Sir Austen Chamberlain went to Geneva in March and a few hours later the grand chorus of charges, denials, counter-charges and counter-denials burst forth, the English press and people were stunned. They have never trusted the French, openly distrust Italy as long as Mussolini is in power, are distressed over the Russian situation, are pained by the outspoken messages from their Dominions that the Dominions do not propose to be bound in foreign policy by the decisions of the British Foreign Office, in short, they find themselves in rather a devil of a fix. The British are in Europe and yet they are not. Their cities are within a few hours reach of French aircraft, and yet France spurns British feeling

about how matters on the Continent ought to be settled.

The tendency in England is not to hold France responsible for the smash at Geneva, but undoubtedly it was former activities of France in trying to erect Poland as an important buffer state that laid the foundation for the disaster. The British now find themselves without a friend in Europe. The Germans, England's former best customers and with whom the British unquestionably tried to play fair, were openly insulted and humiliated by Brazil, a small nation which has no more business interfering in the affairs of Europe than it has in those of the State of Iowa. The Germans are bewildered and the Bolsheviks are exultant. Mussolini alone sits back and smiles.

It was the knowledge that at last any hope of getting the United States into the League of Nations was definitely smashed that produced the disturbance among the British press and public. They are heartily sick of the League and wish they had never heard of it. Their opinion of the American Senate has secretly gone up and their opinion of their own Foreign Office has gone down. Many would like to see Great Britain itself give notice of withdrawal from the League, but the difficulty is that Britain is so close to Europe that it is almost an impossibility to take any important action, in view of what has already taken place, without consulting the other powers.

Since the close of the War there has only been

one matter on which all the countries of Europe have been able to unite. They all, England included, felt that the burden of war debt could some way be eased if America could be got in. The Continental countries, with their eye on the rich Continent of South America, wanted to impose on the United States a super-government that would in due time abrogate the Monroe Doctrine. On these two points no honest observer of events in Europe since 1919 will dispute. The immigration quota law enacted by the United States added fuel to the flames; now that the pretty trap has collapsed all the partners except England are spending their time in accusing each other of having been responsible for the events which have definitely decided America to have nothing to do with the League.

Nothing could have been more absurd than the dramatic and impassioned outcry in the French and Italian Press when Ambassador Houghton went home and told President Coolidge the facts about the European mess. Without knowing what he said, they immediately protested that it wasn't true, a mode of performance more in common with small boy psychology than with nations. The British publicly commended most of what Mr. Houghton was reported to have said, and privately commended the balance of it.

It seems to me and to a number of Americans and others with whom I have talked, in Europe, that the logical development of events is to have a

League of Continental Nations, a League of American Nations, and a League of British Nations. They each have their field, but none of them has any legitimate function interfering in the affairs of others, as *vide* Brazil recently at Geneva. In any case the United States, under the Monroe Doctrine, would quickly serve notice of good behaviour on any American republic whose actions in foreign fields were not in accord with American policies and, on the other hand, would tolerate no interference on the part of other nations with any country of the Western Hemisphere, including Canada. So in any event the entire New World is outside the sphere of the League, so far as any action except the obstructionary tactics in such cases as Brazil's are concerned.

The British Empire, on the other hand, is huge and mostly undeveloped. It certainly affords enough scope for the organizing ability and financial resources of Great Britain and it is free from the political complications of such questions as the borders of Poland.

Altogether, this has certainly been a tough Spring for the Internationalists and hands-across-the-Sea enthusiasts.

I contributed the following short paragraphs to the London *Daily Express*, and they were published on 16th March

They evoked a number of letters, about half condemnatory and half appreciative. The *Express* is one of the papers that has always been doubtful

about the wisdom, profit or expediency of Britain's mingling in Continental affairs and it has taken the strongest stand of any paper in favour of Empire development:

THE LEAGUE—WE SAID SO . . .

By AN AMERICAN.

(Frank Plachy, Jr.)

“ If anything were needed to confirm the opinion of the great mass of the American people that they were wise to refuse membership in the League of Nations, the spectacle surrounding Germany's application for membership supplies it.

“ All America rejoiced when the signing of the Locarno Pacts seemed to signify that after six years of post-war difficulty the nations of Europe were really ready to settle down to work and reconstruction. But to-day in the United States there is a wide-spread belief that the old back-door diplomacy is back on the job, and that private agreements were made, not apparent in the text of the treaties, which utterly vitiate and confound their promises of better times.

“ The feeling has spread widely among the American people that the real purpose of the Continental Foreign Offices in trying so hard to induce the United States to enter the League was to secure, first, some way of evading the war debts, and, second, a means of hamstringing the Monroe Doctrine and obtaining a foothold in the South American Continent. If the second motive was latent at first, it has now been galvanized into

an exceedingly lively issue by the bars put up by the United States and Canada against indiscriminate European immigration.

“ What President Wilson called a ‘ little group of wilful men ’, the Senators whose opposition kept America out of the League, are now recognized to have been men who risked their political futures in an effort which saved their country from irreparable injury.

“ All our original doubts about the League as now constituted have been confirmed. It has shown itself an agency not of peace, but of war and hate. It has tried to ignore the all-important element of human nature, and has tried to devise a set formula for preventing wars which fail to take into account factors which, by their nature, must always be in a condition of flux.

“ Americans believe there is a real field for a League of Continental nations. The removal of tariff barriers and retaliatory measures between the nations of the European mainland would leave them an economic unit comparable with the United States in point of resources and trade possibilities. But we do not see any community of interest between France, Poland, Argentina and China in a political League of Nations. Most of all do we fail to understand what Great Britain or any of the Dominions get out of the League.

“ It is our belief, and a great number of British people agree, that the future lies in the Pacific. The issues pertaining to that half of the world are

such that America, Canada, Australia and New Zealand will always stand together on them. Is it not a reasonable belief that the best interests of Great Britain lie in concert with America and the Dominions rather than in Poland or any other Continental country? If the future of the world depends on the Anglo-Saxon race, as every good American, regardless of racial antecedents, believes, is it not more important for Great Britain to keep time with the other Anglo-Saxon units than to allow the personal preferences of Sir Austen Chamberlain, honourable as they doubtless are, to lead the nation along a road that neither America nor the Dominions can follow?

"It seems to Americans that the real interests of Great Britain on the Continent of Europe are limited to two things: the extension of its trade and the maintenance of its safety against the great air power of the Continent.

"It is difficult for us to understand why, with a great world-flung Empire urgently calling for development and settlement, the energies of this country are dissipated in patching up the fruitless quarrels carried on by Continental countries and their satellites, the majority of whom dislike the British as much as they do the Americans."

CHAPTER XV

BRITAIN'S GREATEST EXPORT—MEN

BEING in England and writing about it is apt to result in a distortion of perspective. This is a fault which I am particularly anxious to avoid when it comes to the greatest of all British exports—men and institutions. The greatest single fact about the British people is that for two hundred years and more they have always been dying at the top, having their choicest young blood drawn off to act as developers and leaders of the world, and yet continuing in every generation to produce from the home stock another supply to take their places in the ever-expanding circles of Empire expansion and world influence.

The virility of the British home stock becomes more and more astounding the more one looks into it. In 1570, not a long time ago so far as history goes, the population of England was estimated at 4,160,161. To-day, with a home population of about 47,000,000 the British Empire covers one-fourth of the land area of the globe and one-fourth of all the human beings in the world of every race and colour, live under the British flag. Surely it was not by accident that a situation of this kind came about. Even in 1801, only yesterday, the first general census of Great Britain and Ireland showed a combined population of only 16,345,646. Probably the law of primo-geniture has had as much to do with the making the British Empire

great as any single cause. With the property of all the best families descending in an undivided unit to the oldest son and with the country rapidly filling up under the impetus which came with the opening of the industrial era, there was no place for the younger sons to go, as Bert Williams, our American negro comedian used to say, but out. And out they went, to such good purpose that they have set the pace for pioneers all over the world, have carried the white man's burden into frozen Canada and torrid India, the arid plains of Australia and Africa and the fetid swamps of Oceanica.

It is well for an American visiting in England to bear these things in mind, otherwise he is almost certain to get the wrong perspective of the British people of which I spoke in the first paragraph. When a traveller gets off the ship in a British port he is apt to be appalled by the stunted, crippled, shuffling, moron types he will see around him. If he had any suspicions that the British are a decadent nation he is apt to feel that his doubts have been quickly confirmed. If he walks up the street when the public houses are open he will see slatternly-looking women, with hats perched over one ear and skirts reaching the ground on one side and to their knees on the other holding a glass of beer in one hand and a squalling brat in the other.

He will be likely to ask himself whether this is the race that produced Sir Walter Raleigh,

Sir Francis Drake and Captain Cook. More than likely a feeling of commiseration will sweep over him and with the lofty patronizing air for which we Americans when away from home are famous, or infamous, he will conclude that England is indeed done.

But the joke will be on the American, and if he stays long enough and uses his eyes and ears he will realize it. The real England is not to be found hanging around docks and waterfronts nor gossiping outside public houses. The working classes on whom the industrial production of the country is dependent will be busy at their jobs, the professional men will be at the offices just as they would be in the United States, and only the unemployable fringe, the wastrel and indigent class which is inevitably more in evidence in a small and compact country like England than would be the case in America, will be in evidence.

The situation was described to me by an Englishman who had been for thirty years in a very responsible position in India. He said: "When I came home to England and looked around me after all those years, I was appalled. I said to myself, 'Are these cripples and down-and-outs really England?' For thirty years I had been associating in India with thousands of Englishmen, every one of whom was a picked man, chosen for breeding, education and character, able to withstand the blandishments of the East and preserve the straightforward character of the

Anglo-Saxon. I was concerned for the home country when I looked at the comparative weaklings around me, but when I recovered my sense of perspective I realized that the future of England is and for two centuries has been on the frontiers of India, Africa, Canada, Australia and the countless other places where England's flag flies. Now that I have become used to living at home again I understand that things are not always what they seem, and that England is producing and sending out all over the world just as fine a stock of young people as it ever did in the past and that our breeding stock is just as virile as it was one or two hundred years ago."

I believe that is a fair statement of the case. One day, in January, I read that several hundred boys from fourteen to eighteen were about to be sent out to Australia, where, after undergoing a course of training, they would be started in life as settlers in that great island continent. They were to visit the Prince of Wales that afternoon before sailing for their new homes, and I decided to walk down and size them up. I was amazed at their pink-cheeked sturdiness and all-round manliness. There was nothing about them to remind one of the cigarette-smoking London street rat. Most of them were from schools in the country and, although of working-class families, were as upstanding and spick-and-span a group of youngsters as I have ever seen.

Experiences such as I have just related teach

one how dangerous it is to generalize from surface indications when in a strange country. It is the picked specimens and not the rag and bob-tail that have set the pace in England in the past, and are evidently to continue doing so in the future.

CHAPTER XVI

ENGLAND AS A CENTRE FOR AMERICAN TOURISTS

It is rather startling to learn that of the many thousands of Americans who visit Europe every year, only about 20 per cent. ever go to England. When one considers the question of language, it would seem that that factor alone would be enough to assure a much larger proportion of American tourists coming to the country which is, after all, the land from which practically every important institution in America drew its origins.

Of all ways of drawing money into a country, none is accomplished with such ease and with such a minimum of effort as getting Americans to come and spend their good money in hotels, cafés, motor-car tours, railroads, and the thousand and one ways an American discovers for spending money when away from home. The French, Italians and Swiss are keenly aware of this, and it would be most interesting to know how much American tourist expenditure has had to do with preventing the French franc and Italian lire from falling lower than they already have.

Of the Americans who come to Europe probably about half get off the steamer at a French port and remain in France. Even most of those who come to England also visit France, which is understandable enough, but there is something wrong with the English system for attracting

visitors when they only get a fifth of the total, while France, almost within sight across the Channel, gets nearly four-fifths.

London shopkeepers are well aware of the value of American patronage. Even with the comparatively small number of Americans who come to London, their spending power is large enough to induce many London shopkeepers, especially in the Strand, Haymarket, Piccadilly, Regent Street and other thoroughfares where tourists generally congregate, to mark goods in shop windows in American as well as English money. English money is a much greater snare to the American than the decimal system of France, Switzerland and Italy, and goods marked in American money often lead to sales which would have been lost if the only price mark had been in pounds, shillings or pence. The absurd continued use of guineas in pricing goods also leads to confusion and irritation.

Of all factors which act to keep Americans out of England, the most important and the one most difficult to change is the English Sunday. Few Americans who visit England ever survive more than one Sunday ; the following Saturday morning at the latest, finds them at Victoria Station *en route* for Paris and liberty. The vast majority of Americans who visit Europe are seeking escape from the intolerable narrowness, meanness and hypocrisy of American life, a lack of tolerance nowhere better shown than in the traditional American

Sunday. What is said here does not apply in full force to a few places like St. Louis, Milwaukee, New Orleans, and San Francisco, where the tradition of the Continental Sunday still lingers to some extent, but in the main what is said above cannot be denied.

I ought to hasten to say that hardly any place in England is Sunday such a drear and unlovely day, as in most American cities. People can and do, within certain pretty well prescribed limits, have a good time. There are moving-picture shows for those whose mentality can stand that form of alleged entertainment, and the sale of liquor is permitted during the noon hours, and as a rule, from seven until ten at night. In the summer, there are countless trips and excursions that may be taken and the average middle or lower-class English family, for lack of knowledge of anything better, think they are having a good time. The upper-classes in England are more or less a law unto themselves; they either have a good time in their own way or make up for it by frequent trips, both winter and summer, to the Continent.

The average Americans who come to Europe can generally be divided into one of two classes. Either he or she is frankly fed up with the artificial life forced on the United States by the fanatical boobocracy of the Methodist and Baptist Churches, and is running away to find relief in a civilization where the good things of life are taken at their face values, or he or she is one of the great reform

tribe and is seeking relief from the suppressed emotions of a kill-joy life. Neither variety find very much to excite them in England. The first class want to get to a country where they can frankly have a good time and enjoy themselves ; the second want to satisfy their meanness by being shocked at the discovery that human beings dare to have a good time and to accumulate ammunition to satisfy their own perverted instincts on the one hand, and go home with a juicy lot of information for the Ladies Sewing Circle or the Kiwanis Club on the other.

The trouble in England seems to be that life, so far as having a good time is concerned, is too much like American life to lend any real zest to it. The Englishman is a sober, quiet, well-behaved individual and even when on holiday he finds no necessity for whopping things up or making the disturbance which seems part of a holiday for a large class of Americans. The English are said to take their pleasures sadly. I have found that that is distinctly a libel, but they certainly do take their pleasures quietly. In saying this I am referring, of course, to the great mass of respectable people who go to the seashore every year with their families and not to the lower-class type who, on two or three days a year, turn lovely Hampstead Heath into a shambles.

What ought to be organized in England is a genuine nation-wide campaign to attract American and other foreign visitors to Great Britain. The

British Isles in the summer time are indescribably lovely. Starting in April, at a time when the northern parts of the United States are still expecting blizzards and snow storms, leaves are opening, flowers blooming and birds nesting all over the English country-side. Even London, with its innumerable parks and squares, has an indescribable air of Spring, an air not frequently noticed in New York or Chicago until well on toward June.

Travel in England is comfortable and not expensive. The lake country is one of the most glorious spots in the world for a holiday, while there is scarcely a limit to the seaside places that may be visited. The average American either stays in London or feels he has seen rural England after making a trip to Stratford-on-Avon, and writing his name in the visitors' book at Shakespeare's home. The fact is that Stratford is no more interesting than at least a hundred other places, and not half so picturesque. Every school child in America has been taught enough English history so that an hour's reading on the ship coming over is enough to recall in a sufficiently general way, the main outlines of it. With that mental background he must be a stupid soul indeed who gets no thrill out of visiting the historic spots on English soil.

It would seem to an outsider, familiar with the advantages which the Continental countries gain through the tourist traffic, that it would well pay

British hotel-keepers, railway managers and the Government to finance a scheme for telling the rest of the world and particularly the United States, what England, Scotland and Ireland have to offer the tourist.

The country inns of England, some of them centuries old, with traditions of two centuries of coaching preceding the building of the railways clustering around them, are alone worth a trip to the country. It would have been thought that the railways would have ruined the country inn, and for a time there was grave danger that most of them would go out of business. Local custom, however, gave them enough patronage to continue a rather precarious existence, until the coming of the bicycle and the motor car again restored them to a prosperity that promises to be long continued. If there is anything more pleasant in life than to take a long walk over green clad hills or along the chalk cliffs of the English seaside, and then stop for a rest and a glass of cool, refreshing beer under the smoke-dimmed rafters of an old inn taproom, I don't know what it is. Many a time, on just such occasions, I have thought of my friends back in America, jumping for their lives to keep out of the way of motor cars and then drinking either ginger pop or bootleg poison to refresh themselves, and have wondered why some plan cannot be found to inform Americans of the opportunities for enjoying life that still remain in the world.

The English manner of enjoying life is certainly

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tame, but it is just as certainly sane. There are thousands of Americans who spend enough on their annual vacations to take a trip to England and get far more for their money than they get in Atlantic City or other resorts, and who would at the same time see something worth while in the history of the world. If they got no farther than London, and many of them don't, even that would be worth while, although London is emphatically not England. London in the winter is a fierce proposition, so fierce that no description of it can do it justice. Rain for weeks on end, no sunshine and occasional fogs so thick that it takes a knife to cut them, are taken as matters of course. They don't sound very attractive, but life seems to me to be some way lacking in full experiences until one has been through a real London fog. Incidentally the fog proves what an essentially honest and law-abiding people the English are. If New York or Chicago should ever have a real, black fog, the reign of crime would be an historical event. In London, life during fogs goes on in the usual way and scarcely anything happens out of the ordinary.

It is a mystery to people who first visit England in the winter why the country was ever settled; one has to stay through the spring and summer to find the answer. During the summer of 1925 there was month after month of pleasant, temperate sunshine, with just enough rain to keep the crops growing and the parks green; with broad

daylight coming at half past three or four in the morning and remaining until nine or ten at night. It was a summer of delight, never really hot, but with that pleasantly warm tone that encourages a little lassitude and slowing up. The English thought the summer of 1925 was a very hot one, and were very voluble in saying so, but to anyone with experience of the heat of American cities in the summer, the weather was mild and equable.

Golf ought to be a great ally of any movement to increase the volume of American travel to Great Britain. Both England and Scotland are dotted with excellent golf courses, easily reached and reasonable in their charges. It is supposed to be the life ambition of every true golfer to play at least once over the famous St. Andrews golf course, the father of all the country clubs in the world, but that ambition cannot be gratified without a trip to Scotland.

Reasonably good accommodation for travellers can be found practically everywhere in England and Scotland. There isn't an hotel in the British Isles which can be considered first-class when judged by New York standards, but on the other hand, there are no such fourth-class places as are to be found in the small towns and smaller cities of the United States. In London hotel accommodation can be had that are good enough for anybody, and in an experience which has covered nearly twenty smaller places both in England and Scotland, I have never found an unpleasant place

nor an hotel where a real attempt was not made by the proprietor or manager to give his guests real comfort and satisfaction.

It can be said without any doubt that, while hotel accommodation is not as good in the big cities of Great Britain as may be found in a few places in Paris and Berlin, there is an absolute non-existence of the filthy country inn of many Continental small towns. In this, as in so many other things, the British don't reach quite to the top, but they never sink to the bottom.

It is hard to imagine any more pleasant way of spending two or three weeks than a motor trip through England and Scotland. The excellent, winding roads and lanes lead through more beautiful districts and scenes than can be seen from the window of any railroad, while traffic doesn't approach the density which everyone now expects of country roads in the more settled parts of America. It is necessary for most people to engage a driver who is used to left-hand road rules, as few Americans used to right-hand driving are willing to take a chance in a country where traffic goes to the left. Drivers are easy to find, and are generally careful and competent. This difficulty is not met on the Continent, where all traffic goes to the right.

For those whose time or means does not allow of an independent motor-car trip there are trips in comfortable buses, called charabancs, to every part of the United Kingdom. Direct passage

may be engaged from London to Bristol, Glasgow, or Edinburgh, or side trips may be taken to any desired section. One of the most popular is to the beautiful lake country in the North of England.

The most popular months for holidays in England are August and September, but in many respects June and July are preferable for the American tourist. There are fewer people travelling, accommodation is easier to get, and the country looks fresher than it does later in the summer. Travellers who want to see the Irish lake country are generally advised to go early.

It cannot be too strongly stated that for Americans, England in the summer time has advantages and delights that can be had nowhere else in Europe. There is an utter absence of the universal desire to gouge Americans that prevails in all Continental countries. Americans are not all considered to be millionaires by the English, perhaps for the reason that the English feel it beneath their dignity to ascribe superiority in any respect to another nation. Americans in England pay, in general at least, the same prices and receive the same treatment given to the English themselves. What this means can only be understood by those who have travelled on the Continent and have seen every price go up as they approached and have had to keep still in the case of a sneering "take it or leave it" attitude. The English of all classes are a courteous, hospitable race.

They have a degree of personal reserve which is perhaps greater than any other race, but if visitors respect this, there is no country where a more genuine welcome will be extended. It is not wise to come to England expecting to find a cabaret show atmosphere extending throughout the twenty-four hours, *a la* Montmartre, but for those who want to have a reasonably quiet time in a lovely, attractive country, England can't be beaten.

CHAPTER XVII.

ENGLISH COOKING

No visitor to England who stays three months, will ever be found questioning the statement that the English are a virile and hardy race. If they were not, they would long since have succumbed to the cooking. It is a never-ending mystery why cooking, the finest of the fine arts, has never been developed in the British Isles. Ordinary English food will, if unvaried with that of other nations, inevitably kill a foreigner in time. Only generations of cast-iron stomachs have built up such a power of resistance in the native British, that they seem immune to the worst their own cooks can do.

I have often thought that if I were rich enough, I could show my appreciation of the many courtesies I have received in England in no better way than by importing a few thousand French cooks and by distributing a million copies of Brillat-Savarin's matchless work on good cooking and good living.

It is a strange thing, that it is almost as hard to get a poor meal in France as to get a good one in England. The cooks of both countries will start off with the same supplies of raw material, but the finished result will look as if it came from two different hemispheres. The only explanation I can think of, is that as the air in Britain is so energizing and one is always hungry, the English

have grown to seek mere satiety rather than the cultivation of the finer nuances of the palate so highly prized in all continental countries.

I know that in England I am hungry all the time. When I lived in New York, meal time was a bore, but in England, my appetite is so good that it sometimes embarrasses me. Not financially, I don't mean, because after one learns to know something of the restaurants of London it is possible to eat quite economically, but because of the quantity I like to get outside of. What we in America call pep, is always in the English air, and that very fact makes one less sympathetic with workers who soldier on their jobs because it is always either too hot or too cold. As a matter of fact there are no extremes of climate in England. It never gets very hot and it never gets very cold. The extremes of temperature to which New Yorkers, and in fact almost all Americans except those in the far South are accustomed, would cause all business to be suspended in England.

English cooks think that if you take a piece of meat and a mass of potatoes, add some carrots, turnips or cabbage, boil the whole mess until it is a soggy lot of indigestible stuff and then put it on the table, it ought to be accepted as a meal. Together with it should be some heavy pastry like Yorkshire pudding to finish it off. After that comes a "Sweet", generally consisting of a heavy desert or more pastry. The amount of heavy pastry, cookies, etc., that is consumed in England

is a caution. It's no wonder that the British are not famed for that schoolgirl complexion.

Of course, what I have said only applies to the commonplace restaurants. There are places in London where as good a meal can be had as could be found in Paris or New York. I think the best meal I ever had in my life was at the Cafe Royal in London. If one could afford to eat there, or at the Cafe Monico, the Trocadero, Verrey's or the Cafe Marguerite all would be well, but the prices at all of those named are very high.

But luckily for those of moderate incomes who can't stand the English cooking, there are a great many French, Italian, Swiss, German, and various other foreign cafés and restaurants. The food in many of them is almost as good as one would get on the Continent, and as much is done as is possible in the atmosphere of London to preserve the foreign illusion. Nearly all Americans in London who cannot afford to eat in the high-priced places or at the leading hotels, patronize these restaurants. Soho, Charlotte Street, and the neighbourhood of Leicester Square are the chief centres for these places.

The prices in most of the foreign restaurants are very reasonable as to food, but as to drinks the prices are the same as in all other places. One can get an excellent dinner for from two to three shillings, or fifty to seventy-five cents. Tips are not as large as are expected in New York. Threepence or fourpence for one person or

sixpence for two is considered sufficient in the moderate-priced places, although of course more is expected if drinks are ordered and the bill mounts up.

The cost of drinks in England is appalling, due entirely to the tax situation. A bottle of whisky which costs about four shillings if bought for export costs twelve shillings and sixpence if bought for consumption in England. Thus Scotch whisky costs more in London than it does in New York, a curious and ironical development of the taxes put on in England through war necessities and taken off in America through prohibition fanaticism. In the first-class bars in London a cocktail or mixed drink of any sort costs one and six, about 38 cents, while straight whisky or gin costs a shilling, or 25 cents.

Bottled beer costs from fivepence to eightpence, and the draught beer, while slightly cheaper, is not very good. There is no beer in England as good as the lager beer formerly made in Milwaukee, St. Louis, La Crosse, and many other American cities. A great deal of Guinness stout, made in Ireland, is drunk in England, but most Americans find it too heavy for them. The average American who comes to Europe these days has had the lining of his stomach and his kidneys so impaired through drinking bootleg concoctions at home that he has to be very careful about his drinking in Europe, in spite of the purity of the product. Besides, drinking to excess is not considered the mark of

social distinction in Europe which it has attained since prohibition in America ; it isn't done.

There is one English habit to which every American, soon or late, succumbs. That is afternoon tea. When I first came to the country I was merely amused at the tea drinking at five o'clock in which everyone I met participated. Several times politeness compelled me to join in a cup of tea and although I had never drank any of it in my life before, I found it quite palatable. Still, it seemed a poor substitute for the five o'clock cocktail. About six months ago I found it desirable in the interests of getting more work done to cut out the cocktail habit and for an experiment I turned to tea. Within a fortnight (proof of my Anglicization) I was a confirmed tea hound. In the English climate, afternoon tea clearly has a sensible and wise function to perform. It bucks one up immensely and stills the pangs of hunger until time for dinner.

But breakfast ! If you can afford to live in a first-class hotel you can get a decent breakfast, otherwise you are out of luck. It is almost impossible to get breakfast in London anywhere except in the house where you live. Hardly any of the restaurants open before eight-thirty or nine o'clock and it is almost the universal custom to obtain breakfast at one's own hotel or boarding place. No one can know just how bad a breakfast can be until he has lived in a few of the hotels in Bloomsbury, the great section of London almost

entirely given over to hotels, boarding-houses, orphan asylums, the British Museum and other public institutions.

Such a breakfast almost invariably consists of porridge, if you want it, which most people except the Scots don't, a fried egg burned on the bottom, and a piece of fat bacon, cold toast with margarine, and bitter tea. No amount of kicking, brow-beating, supplication or threatening will vary this menu in the slightest. As an example of the appetising way such a breakfast is often served, let me cite a recent experience of my own. The maid brought in the above articles, minus the porridge, and as she slid the egg and bacon in front of me remarked, "That egg don't smell none too fresh to me."

CHAPTER XVIII .

RECAPITULATION AND CONCLUSION

IN attempting a general résumé of conditions, in Great Britain it will perhaps be easiest to take the matters first which, in the mind of an American observer, will have to be remedied before the prosperity and the happiness which are the rightful heritage of the British nation can be realized. Britain has so many things on which to base a steadily expanding industrial plant, with trained workers and unlimited markets to be developed, that it makes a stranger who has the goodwill of the country at heart gnash his teeth at the way many of these opportunities are slighted, ignored or actually combated.

First of all, it seems to me that a quite different mental outlook must be adopted by all classes in Great Britain if Britain is to maintain its proportionate share of world business. Since 1911 the country has been undergoing a steady change to what may be termed an institutional state of mind. Socialistic doctrines of the most pernicious sort, largely dating from the Lloyd George regime, have infiltrated the social fabric of the nation until a staggeringly large proportion of the population looks to the State to clothe and feed it and to care for its welfare in every way. The spirit of individuality and self reliance has been slowly sapped until the Englishman of two generations ago would have a hard time in recognizing the average

working-class individual of to-day as a fellow countryman.

The acceptance of a large volume of unemployment is a case in point. It is taken with a sort of fatalistic inevitability, whereas at least half of it would be wiped out if the Government had devoted as much money and thought to schemes for providing Empire development and productive enterprises as have been spent on doles, subsidies and various so-called relief works. As a matter of fact, it was stated in the House of Commons in the first week of March that the amount expended in unemployment relief schemes from January 1913 to March, 1926, was £240,000,000. Not only was this stupendous sum lost, but the recipients of it were more or less pauperized and many young men and women coming to the age when they should have entered industry have instead entered upon easy lives where they expect the State to support and keep on supporting them. You have to search hard in England to-day to find the old Anglo-Saxon spirit of individual enterprise and risk taking, and then it is only among the upper-classes, where blood always tells, that you are likely to come across it.

The theories on which the British trade unions appear to base their ideas and their demands are absolutely impossible of realization. In America the union labour movement realizes that you can't get out of an industry more than you put into it ; therefore there is a whole-hearted willingness to

produce as much as possible, in full and justified confidence that the share of labour will be paid in its entirety. In Britain the policy, largely, it seems to me, as the result of a few extremely radical leaders and a few short-sighted employers, is to do as little work as possible on the theory that there will therefore be more jobs to be filled. Naturally such a policy if persisted in means eventual extinction for the industries affected.

A soft pedal ought to be put on all social expenditures that are not productive. Britain is not in the position of a rich nation seeking a means of spending a large surplus of funds in utopian adventures. Every shilling ought to be at work producing something; scarcely anything can be conceived of further from this ideal than many of the measures that have been passed and are now in effect. Not only that, but there is a continuous popular clamour for more socialistic legislation and even the present Conservative Government hearkens to it.

It seems to me that Britain must make some radical revisions of its taxing policy if the burden on industry is to be lightened enough to be of assistance to business expansion. As matters stand now, taxes largely consist of the penalization of thrift, industry and enterprise. They are taxes on saving instead of on spending. If I were Chancellor of the Exchequer I should at once put a stiff additional tax on drink and on tobacco. Neither can be called necessities by the greatest

stretch of the imagination. They are sources of national expenditure which run into colossal sums in the course of a year. A heavy increase in taxes on these two classes of goods would have one of two equally desirable results—revenue would be much increased or the consumption of drink and tobacco would go down. Increased revenue would enable the income-tax rate to be lowered, while if the tax failed to produce more revenue, but lowered consumption of alcohol and tobacco, the country would gain in industrial efficiency to an extent that would more than offset the revenue loss.

Another tax that is called for by every principle of logic and common sense is a tax on betting. It is estimated that such a tax would bring in £20,000,000. Strangers coming to Great Britain are astonished at the extent to which betting on horse races infects every strata of British life and society. The noon editions of the afternoon papers contain nothing but racing news and tips and one sees beggars on the sidewalk eagerly turn to the entries for the day, after which complicated figuring is generally done in working out odds and "dope." This certainly is the most demoralizing feature of British life to-day. The great majority of those who bet never saw a horse race in their lives; they have simply become infatuated with the idea of winning somebody else's money and in doing business with a bookmaker they are trying

to beat the other fellow at his own game. There is general agreement that such a tax is perfectly collectible but also great objection from the church crowd. This element is like a certain section of the American public which realizes that prohibition is a dreadful failure, but must, they think, be upheld on the grounds of consistency. It is probable that the profound common sense for which the British are noted will override the church crowd's objections and force this deplorable betting evil to contribute its share towards the expenses of the Government.

Another tax that ought to be imposed, both for the collection of revenue and to act as a damper on the spread of an evil is a tax on outdoor advertising.

England's glorious countryside is in imminent danger of being Americanized through the sign-board nuisance. It is not too late for a determined stand to be taken against this desecration of one of the world's most delightful landscapes and it ought to be done. If the members of Parliament could be taken on a trip either by road or railway from New York to Philadelphia they would probably require no other urging to pass an act which would save the English landscape from the fate which has befallen the landscapes of New England and the Eastern States generally.

It ought to be possible to attract a great deal of money to the British Isles during the summer

months by telling the world what a tourist paradise it really is. The factors that restrain 80 per cent. of the Americans who visit Europe from coming to England are dealt with in the chapter devoted to that purpose, it is sufficient to say here that a large and greatly needed source of revenue is being missed through the ridiculous continuance of war-time restrictions and by not having the right kind of travel advertisement.

In 1925 it is estimated that the total amount of British capital available for overseas investment was £28,000,000, probably the smallest amount in fifty years, yet the nation's drink bill was £315,000,000 the same year. God knows I am not a reformer and hold no brief for the snoop-nosed busy-bodies to make it their business to take the joy out of life for their fellow men, but as a cold-blooded economic proposition Britain is spending twice as much as the country can afford on drink and tobacco. It is difficult to estimate the tobacco bill, as tobacco taxes are limited to customs taxes rather than to excise taxes as in the United States. Last year £52,000,000 was paid in duty by importers of tobacco into Great Britain, so that it is probably very conservative to say that three times that sum came out of the pockets of individuals and went up in smoke. The two items make roughly £500,000,000, enough to change the entire economic face of things in Britain if applied to constructive rather than to destructive purposes.

Some interesting figures have been printed in the *Observer* of 14th April, 1926, by Mr. George B. Wilson, Secretary of the United Kingdom Alliance, the leading temperance organization in Great Britain. I do not know Mr. Wilson, but I have been told that he is a moderate, reliable sort of man and utterly unlike the fanatic type of prohibitionist common in the United States. As his figures must have come from official sources they may be accepted with the assurance that they are mainly correct. Here, in part, are the figures and part of the comment which Mr. Wilson makes on them :

GREAT BRITAIN'S DRINK BILL.

A COMPARISON.

(By George B. Wilson.)

" From Armistice Day, 1918, to 31st December, 1925, the adult population of Great Britain spent in the purchase of intoxicating liquors, not less than £2,450,000,000. During the same period the total out-of-work and unemployment grants amounted to £301,000,000. The latter expenditure has evoked much criticism: the vastly greater contemporaneous expenditure on drink has passed almost without notice and certainly without adequate consideration.

" Last year's contribution to the Liquor Pool was £315,000,000—a challenging sum whatever views we may hold on the Drink question,

especially when compared with the following expenditures :—

Annual Charge for Social Services [see Report on National Health Insurance (Cmd. 2596 of 1926)]:			
Public Education	86,600,000		
Unemployment	50,000,000		
Poor Law Relief	46,000,000		
National Health Insurance ..	34,000,000		
Old Age Pensions (Non-contributory)	27,000,000		
Widows' and Orphans' and Old Age Contributory Pensions ..	26,000,000		
Housing of Working Classes ..	16,500,000		
Workmen's Compensation ..	12,000,000		
Public Health Acts	9,600,000		
		307,700,000	
Interest on National Debt	305,000,000		
Gross Railway Receipts (1924) ..	203,400,000		
Rates Collected (1924-25)	160,000,000		
Bread (1924)	80,000,000		
Milk (1924)	76,000,000		
Voluntary Hospitals (1923)	8,243,000		
Membership Income of Registered Trade Unions in Great Britain (1924)	8,223,000		

The expenditure was made up as follows :—

<i>Liquors.</i>	<i>Price per Unit.</i>	<i>Con- sump- tion.</i>	<i>Retail Cost. £</i>
British Spirits (proof gall.	130s.	11,934,000	77,571,000
Other Spirits (proof gall.).	130s.	2,076,000	13,494,000
Total Spirits		14,010,000	91,065,000
Beer [bulk (barrel)]	144s.	27,630,000	198,936,000
Wine (gall.)	30s.	15,840,000	23,760,000
Cider, Perry, etc. (estimate)			1,500,000
	Total		£315,261,000

“ Of this sum England and Wales were responsible for about £285,000,000 (£7 7s. per head), and Scotland for £30,000,000 (£6 2s. 6d. per head). England and Wales drank 24.6 gallons of beer and

0.29 gallon of spirits, as against Scotland's 9.4 gallons of beer and 0.56 gallon of spirits.

"About 54 million gallons of absolute alcohol were consumed, of which 80 per cent. was taken in beer, 15 per cent. in spirits, and 5 per cent. in wine; and England's consumption was 1.29 gallons per head, against Scotland's 0.77 gallon.

"About $5\frac{1}{2}$ per cent. of the Drink Bill was paid for in Registered Clubs.

"It is strenuously contended by the Trade that these figures are hopelessly vitiated, because they include a large sum salvaged by the State for Revenue purposes, namely: Spirits, £49,000,000; beer, £81,400,000; and wine, £3,700,000, which, with the Licence Duty of £4,486,000 paid by the Trade for its monopoly, amount to 44 per cent. of the Bill. It must, however, be pointed out that if Jones spends 10s. a week on beer out of his wages of £3, it is no comfort to Mrs. Jones, who is hard put to it to pay the rent and feed and clothe the children, to know that $2\frac{1}{2}$ d. out of every missing 6d. has gone to the Chancellor of the Exchequer. Nor can this Liquor Revenue ever show a *net* profit, if there is set off against it the direct and indirect alcoholic mortality and disease, lost efficiency, drink-caused crime, pauperism and lunacy, domestic unhappiness, and lost ideals which this annual expenditure causes."

After talking with a great many British manufacturers and business men, and after reading on the subject until my head aches, I am firmly

convinced that there will be no genuine business revival in England unless a policy of protection is adopted. As matters stand to-day, every nation in the world except Great Britain has a customs barrier at its gates. When the British Free Trade system was put into operation, world conditions were radically different from those of to-day. England was the world's workshop ; those needing manufactured goods had to come to England to get them, therefore the free admission of the products required by England was a paying proposition.

To-day the countries of the world where Britain formerly had markets, are doing a large part of their own manufacturing. Stimulated by the example and the obvious success of the United States, other countries have put up tariffs and made possible the development of home industry. To-day the British Free Trade adherents are still thinking in terms of 1880, whereas the whole economic face of the world has been changed in that time. Whatever may be the fine spun theories about free trade and whatever logic the free trader may appear to have on his side, the results are against him. In Grover Cleveland's famous phrase, it is a condition and not a theory that confronts England.

The question of protection and free trade arouses as much bitterness and vitriolic utterance in England as prohibition in America. Men are born into free trade families and accept the doctrine

with their mother's milk, maintaining it in later life with all the ignorant obstinacy of a Baptist Fundamentalist, just because they happened to have inherited the idea. Such a condition is hard to change, but there is a rapidly growing movement among the more intelligent classes to re-examine the whole question and see whether England had better not switch. Already a start has been made and the machinery exists by which it can be generally extended. I am confident that within five years England will have adopted a general policy of imposing tariffs against all manufactured products which are, or can be, made by home manufacturers.

The more far-sighted among the British realize that their hope of survival lies in Empire development. They have everything; territory, brains, money, labour, manufacturing equipment, raw material supplies, in short, everything except imagination and enlightened Governmental leadership. Some day they will get those and then the fur will begin to fly.

The English are a calm, happy, generous and courteous people. They are so calm that sometimes one wants to shake them and jar them out of their quiet acquiescence of evils that could be changed by a little energetic action. To the stranger they are tolerant and almost invariably helpful and fine. Among the population of England one will find the highest and lowest type of the entire Anglo-Saxon world, but their average

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works out pretty well. They have been through six years of economic hell and strife, and they are not out of the woods yet, but the stubborn determination that has carried them through many crises in the past will get them past their present troubles.

THE END